

Page 1

1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF TEXAS  
3 HOUSTON DIVISION  
4 Case No. 4:20-CV-576

6 IN RE: ANADARKO PETROLEUM CORPORATE  
7 SECURITIES LITIGATION

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10

11

December 21, 2022

9:08 a.m. (PST)

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14 REMOTE VIDEOTAPED DEPOSITION of BJORN  
15 STEINHOLT, an Expert Witness, in the  
16 above-entitled action, held at the above  
17 time and place, taken before Dawn Matera,  
18 a Shorthand Reporter and Notary Public of  
19 the State of New York.

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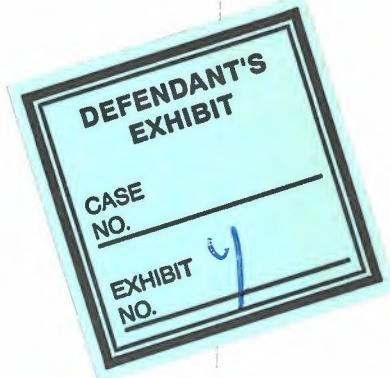
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<p>1 APPEARANCES:</p> <p>2 ROBBINS GELLER RUDMAN &amp; DOWD LLP 3 Lead counsel for Lead Plaintiff 4 655 West Broadway 5 Suite 1900 6 San Diego, California 92101 7 BY: RACHEL JENSEN, ESQ. 8 rachelj@rgrdlaw.com 9 BY: FRANCISCO MEJIA, ESQ. 10 fmjia@rgrdlaw.com</p> <p>11 CRAVATH SWAINE &amp; MOORE LLP 12 Attorneys for Defendants 13 825 Eighth Ave 14 Suite 4043B 15 New York New York 10019 16 BY: DANIEL SLIFKIN, ESQ. 17 dslifkin@cravath.com 18 BY: MING-TOY TAYLOR, ESQ. 19 mtaylor@cravath.com</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p> <p>17 Also Present: 18 MARC FRIEDMAN, Videographer 19 KALLIE GALLAGHER</p>	<p>Page 2</p> <p>1 Matera, and we are both from the firm 2 of Veritext Legal Solutions. 3 I am not related to any parties 4 in this action nor financially 5 interested in the outcome. If there 6 are any objections to these 7 proceedings, please state them now. 8 Hearing no objection, counsel 9 will be noticed on the stenographic 10 record. And at this time our court 11 reporter will swear in our witness and 12 we can proceed.</p> <p>13 BJORN STEINHOLT, 14 the Witness herein, having first 15 been duly sworn by the Notary 16 Public, was examined and 17 testified as follows:</p> <p>18 EXAMINATION BY</p> <p>19 MS. JENSEN:</p> <p>20 Q. Good morning, Mr. Steinholt. 21 A. Good morning. 22 Q. Do you have the November 9, 23 2022 expert report that you submitted in 24 this matter in front of you? 25 A. I do.</p> <p>Page 3</p> <p>1 THE VIDEOGRAPHER: Good morning. 2 We are going on the record at 9:08 3 a.m. Pacific Standard Time, on 4 Wednesday, December 21st, 2022. 5 Please note this deposition is 6 being conducted virtually. Quality of 7 the recording depends on the quality 8 of the camera and Internet connection 9 of all participants. 10 What is heard from the witness 11 and seen on screen is what will be 12 recorded. Audio and video recording 13 will continue to take place unless all 14 parties agree to go off the record. 15 This is media unit number 1 of 16 the video-recorded deposition of Bjorn 17 Steinholt in the matter of Anadarko 18 Petroleum Corporation Securities 19 Litigation. This case is filed in the 20 United States District Court, Southern 21 District of Texas, Houston division, 22 case number 4:20-CV-576. 23 My name is Mark Friedman. I am 24 your certified video legal specialist. 25 Your court reporter today is Dawn</p> <p>Page 4</p> <p>1 MR. SLIFKIN: Okay. For the 2 record, I want to mark that as Exhibit 3 503. 4 (Exhibit Number 503, the 5 November 9th, 2022 expert report by 6 Bjorn Steinholt was so marked for 7 identification, as of this date.) 8 MR. SLIFKIN: And we can put 9 that in the Exhibit Share for folks. 10 But since you've got the hard copy in 11 front of you, it's much easier to deal 12 with it that way. 13 That's okay with you, 14 Rachel? 15 MS. JENSEN: Yes, that's fine. 16 Q. So Exhibit 503, which you 17 should have in front of you; is this in 18 fact your report? 19 A. It is. 20 Q. Could you turn to page 3, 21 paragraph 5? 22 A. Yes. 23 Q. You see in paragraph 5 there is 24 a footnote 1, and a reference to an 25 expert report you submitted in October</p>
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2 (Pages 2 - 5)

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<p>1 1st, 2021; do you see that?</p> <p>2 A. Yes, I do.</p> <p>3 Q. And that's what you refer to as</p> <p>4 the "Steinholt class cert report"; do you</p> <p>5 see that?</p> <p>6 A. Yes.</p> <p>7 Q. And you say that is "hereby</p> <p>8 incorporated by reference."</p> <p>9 A. Yes.</p> <p>10 Q. Right. So am I to take it that</p> <p>11 that report is also part of the opinion</p> <p>12 that you would submit were there to be a</p> <p>13 trial of this matter?</p> <p>14 A. That is correct, yes.</p> <p>15 Q. And for the record, that</p> <p>16 report, the Steinholt class cert report,</p> <p>17 was previously marked as Exhibit 10. Can</p> <p>18 you turn to the next page, page 4,</p> <p>19 paragraph 7.</p> <p>20 And by the way, before I move</p> <p>21 on, Mr. Steinholt, do you have that class</p> <p>22 cert report with you?</p> <p>23 A. I do, yes.</p> <p>24 Q. Okay. Great. Splendid.</p> <p>25 And again, that was previously</p>	<p>Page 6</p> <p>1 marked for identification, as of this</p> <p>2 date.)</p> <p>3 Q. And again, that will appear, if</p> <p>4 Ming does this for me, in the Exhibit</p> <p>5 Share, but I am glad that you have them</p> <p>6 in front of you. Okay.</p> <p>7 And again, by incorporating</p> <p>8 that rebuttal report into your report of</p> <p>9 November 9th, 2022, Exhibit 503, did that</p> <p>10 rebuttal report form part of the opinions</p> <p>11 that you may present to the Court were</p> <p>12 this case to go to trial?</p> <p>13 A. Yes.</p> <p>14 Q. Okay. Okay. So now we've seen</p> <p>15 Exhibit 503, Exhibit 10, Exhibit 504. I</p> <p>16 take it you have all of those in front of</p> <p>17 you?</p> <p>18 A. That's correct, yes.</p> <p>19 Q. Do they comprise the totality</p> <p>20 of the opinions that you would offer or</p> <p>21 potentially offer were you to be called</p> <p>22 as a witness at trial of this matter?</p> <p>23 A. As of right now, yes.</p> <p>24 Q. Is there anything that you</p> <p>25 intend to opine on, as of now, that is</p>
<p>1 marked as Exhibit 10.</p> <p>2 So if you are on page 4,</p> <p>3 paragraph 7, you see there is a reference</p> <p>4 to a rebuttal report, dated February 2,</p> <p>5 2022; do you see that?</p> <p>6 A. Yes, I do.</p> <p>7 (Exhibit Number 10, document</p> <p>8 consisting of Steinholt class cert</p> <p>9 report previously marked for</p> <p>10 identification.)</p> <p>11 Q. And that's referred to as the</p> <p>12 Steinholt class cert rebuttal; do you see</p> <p>13 that?</p> <p>14 A. Yes.</p> <p>15 Q. And you say "that is hereby</p> <p>16 incorporated by reference to."</p> <p>17 A. Correct.</p> <p>18 Q. Do you have that in front of</p> <p>19 you?</p> <p>20 A. I do, yes.</p> <p>21 MR. SLIFKIN: Okay. And for the</p> <p>22 record, I would like to mark that as</p> <p>23 Exhibit 504.</p> <p>24 (Exhibit Number 504, rebuttal</p> <p>25 report dated February 2, 2022 was so</p>	<p>Page 7</p> <p>1 not included in those three exhibits that</p> <p>2 I just identified, 503, 10, and 504?</p> <p>3 A. I do not have anything else in</p> <p>4 mind as of right now.</p> <p>5 Q. Now I know taken together, they</p> <p>6 were really long, but -- and we can break</p> <p>7 this up, if you want to, but for now,</p> <p>8 taking those three exhibits together,</p> <p>9 503, 10 and 504, is there anything in any</p> <p>10 of those that you wish to withdraw?</p> <p>11 A. No.</p> <p>12 Q. Is there anything in any of</p> <p>13 those exhibits, 503, 10 and 504 that you</p> <p>14 wish to change?</p> <p>15 A. No.</p> <p>16 Q. Is there anything in those</p> <p>17 exhibits, 503, 10 and 504, that you</p> <p>18 believe today to be incorrect?</p> <p>19 A. No.</p> <p>20 Q. Okay. Could you in your own</p> <p>21 words describe the scope of your</p> <p>22 expertise relevant to this matter?</p> <p>23 A. My expertise is typically on</p> <p>24 issues of market efficiency and</p> <p>25 materiality, loss causation and damages</p>

3 (Pages 6 - 9)

1 in securities litigation cases.  
 2 Q. Sorry, I am having a little  
 3 trouble hearing you, I am going to put my  
 4 volume up. Okay.  
 5 And in this matter, what  
 6 expertise are you offering to assist the  
 7 trier of fact?  
 8 A. This relates to those four  
 9 areas, which is, again, market  
 10 efficiency, materiality, loss causation  
 11 and the quantification of classwide  
 12 damages.  
 13 Q. I take it you're offering an  
 14 opinion as a financial analyst; is that  
 15 fair?  
 16 A. That's fair, securities  
 17 analyst, yes.  
 18 Q. I take it you're not offering n  
 19 legal opinions?  
 20 A. That is correct, yes.  
 21 Q. So when you talk about  
 22 materiality, causation and damages,  
 23 you're not offering any legal opinion on  
 24 those three subjects, I take it?  
 25 A. No, I do not offer legal

Page 10

Page 12

1 A. Correct. So the 90-day  
 2 look-back, for instance, it's not an  
 3 economic issue, but I incorporate it,  
 4 because that is my understanding of the  
 5 law. I am not opining that is the law.  
 6 That is just my understanding, having  
 7 performed these type of analysis for  
 8 quite a few years. A couple of decades.  
 9 But, no, I do not provide any legal  
 10 opinions.  
 11 Q. And that was going to be my  
 12 next -- sorry, that was going to be my  
 13 next question.  
 14 From where do you derive your  
 15 understanding of the legal rules  
 16 applicable for this matter?  
 17 A. From my work in, work  
 18 performing these type of analysis in a  
 19 legal context.  
 20 Q. Okay. Now, do you have an  
 21 engineering background?  
 22 A. Well, I have an engineering  
 23 degree. I did not work as an engineer.  
 24 I went straight to graduate business  
 25 school, and worked in the finance field

Page 11

Page 13

1 opinions. But the type of work that I do  
 2 is performed in the context of  
 3 litigation.  
 4 So, for instance, when I  
 5 discuss market efficiency, I do take into  
 6 account opinions such as Cammer and  
 7 Krogman that guides the analysis that is  
 8 to be performed in order to determine  
 9 market efficiency.  
 10 With respect to materiality, I  
 11 know there is a legal definition of  
 12 materiality. When I look at materiality,  
 13 I look at it as a securities analyst. I  
 14 look at it as is the information value  
 15 relevant. And I also try, to the best of  
 16 my ability, to provide an economic  
 17 analysis that are relevant to what  
 18 typically is needed in securities  
 19 litigation. But I do not provide any  
 20 opinion with respect to what the law is  
 21 or should be.  
 22 Q. I take it you are provided with  
 23 legal rules, and you seek to analyze the  
 24 factual issues that those legal rules  
 25 mandate an inquiry into?

1 after graduating graduate school. But I  
 2 do have an engineering degree.  
 3 Q. Do you have any experience --  
 4 withdrawn.  
 5 Do you have any expertise in  
 6 petroleum engineering?  
 7 A. No. In my youth, I worked for  
 8 geologists and geophysicists at a company  
 9 called GFisco, a company of Norway, which  
 10 was acquired by Schlumberger. But, and I  
 11 did some programming and operating  
 12 computers for them and did provide,  
 13 provide them seismic graphs and things of  
 14 that nature. But, no, I do not profess  
 15 to have any special expertise in the area  
 16 of, in that particular area.  
 17 Q. Okay. So you say you have some  
 18 experience with geology, correct?  
 19 A. I have experience assisting  
 20 geologists. We are talking about early  
 21 '80s here. So whatever experience I had  
 22 would have been, you know, far back in my  
 23 memory bank by now.  
 24 So I do not profess to have any  
 25 specialized experience in that particular

4 (Pages 10 - 13)

1 area. I know enough to know that it's a  
 2 complicated issue. So I know a little  
 3 bit about what I don't know, to put it  
 4 that way.

5 Q. In this matter you're not  
 6 offering any opinion with respect to  
 7 geology, I take it?

8 A. That is correct, yes.

9 Q. And you're not offering any  
 10 opinion with respect to geophysics?

11 A. That is correct, yes.

12 Q. And you're not offering any  
 13 opinion with respect to petroleum  
 14 engineering?

15 A. That is correct, yes.

16 Q. Just to switch over to the  
 17 finance of oil and gas, the oil and gas  
 18 industry, do you have any expertise with  
 19 respect to investing in the oil and gas  
 20 industry?

21 A. I personally have invested in  
 22 the oil and gas industry, yes.

23 Q. I am asking if you have any  
 24 expertise in it?

25 A. I have analyzed oil and gas

Page 14

1 ConocoPhillips?

2 A. No.

3 Q. Did you ever invest in  
 4 Marathon?

5 A. No.

6 Q. Did you ever invest in Minali?

7 A. No.

8 Q. Did you ever invest in Cobalt?

9 A. No.

10 Q. Can you give me a list of the  
 11 oil and gas companies that you have  
 12 analyzed over the years?

13 A. It could be from Schlumberger  
 14 to Exxon Mobil to, of course, Dakota  
 15 Plains, which was the case I had.  
 16 SandRidge was another oil and gas  
 17 company. Those are the ones that come to  
 18 mind on the top of my head. But on  
 19 occasions, I do analyze oil companies.

20 Q. Have you ever had the occasion  
 21 to analyze a project, an oil and gas  
 22 project, in the Gulf of Mexico?

23 A. A project like Shenandoah, not  
 24 specifically. A project like Shenandoah  
 25 in the Gulf of Mexico, no.

Page 16

1 companies, yes.

2 Q. And when was that?

3 A. I analyzed a company quite  
 4 recently. I was testifying as an expert  
 5 in a trial this summer. The company was  
 6 Dakota Plains. And it was an oil-related  
 7 company transporting oil from North  
 8 Dakota to other areas in the United  
 9 States. But I have various different  
 10 projects, oil projects, in terms of my  
 11 own personal investing and also different  
 12 cases I have taken on in the litigation  
 13 context, where that would include oil  
 14 companies.

15 Q. Okay. So you said you, you  
 16 personally you have invested in oil and  
 17 gas companies; is that correct?

18 A. Yes, yes.

19 Q. Did you ever invest in  
 20 Anadarko?

21 A. No.

22 Q. Did you ever invest in  
 23 Occidental?

24 A. No.

25 Q. Did you ever invest in

Page 15

1 Q. One other question. I  
 2 understand you have a master's in  
 3 international business and you are a  
 4 chartered financial analyst. I assume  
 5 that's correct, still?

6 A. Yes, I am a chartered financial  
 7 analyst.

8 Q. Are you, do you have any  
 9 expertise with respect to accounting?

10 A. It is part of both of those,  
 11 both the graduate business degree as well  
 12 as is part of the, what they call the  
 13 body of knowledge that you need to know  
 14 in order to earn the CFA designation.  
 15 But I am not an accountant, no.

16 Q. And in your prior answer, I  
 17 think -- okay, I want to clarify, because  
 18 I am not sure I heard you correctly. But  
 19 is it the case that accounting was part  
 20 of both your graduate business degree and  
 21 the body of knowledge you need to earn  
 22 the CFA designation?

23 A. Yes, it's part of -- you  
 24 literally had to take accounting classes,  
 25 financial accounting and cost accounting,

Page 17

5 (Pages 14 - 17)

1 with respect to the graduate business  
 2 degree. And there was also accounting  
 3 they have, I don't recall exactly what  
 4 percentage of the totality it is, but,  
 5 yes.

6 So financial statement analysis  
 7 is part of my background and training.  
 8 That is different, though, than being a  
 9 CPA and working on it day-in and day-out.  
 10 So I don't present myself as being an  
 11 accountant. I am a user of financial  
 12 statements. I am not -- I don't prepare  
 13 financial statements. So there is a big  
 14 difference there.

15 Q. Are you offering any expertise  
 16 in this matter in the accounting world?

17 A. I mean I obviously look at  
 18 accounting numbers in this particular  
 19 case, but I am not providing accounting  
 20 opinions. No.

21 Q. That was my next question. Are  
 22 you offering an opinion with respect to  
 23 the accounting that was conducted at  
 24 Anadarko during the class period?

25 A. No, I am not offering an

1 opinion in terms of as to whether or not  
 2 the accounting was correct or incorrect.  
 3 I have no opinion.

4 Q. Do you have any expertise with  
 5 respect to auditing?

6 A. Auditing, no. I mean,  
 7 auditing, a lot of my cases sometimes  
 8 auditing GAAP and GAAS is -- and that is  
 9 G-A-A-P and G-A-A-S -- those type of  
 10 issues come up. But I have not been an  
 11 auditor, no.

12 Q. And are you offering any  
 13 opinions in this matter with respect to  
 14 the auditing of Anadarko during the class  
 15 period?

16 A. No, I have no opinion with  
 17 respect to how the auditing of Anadarko  
 18 was in this particular case.

19 Q. Now, let's focus on the  
 20 Shenandoah. So you mentioned the  
 21 Shenandoah project. Explain to me in  
 22 your own words what you were referring  
 23 to?

24 A. Shenandoah was an oil field in  
 25 the Gulf of Mexico. It was first

Page 18

1 discovered in 2009 by Anadarko. And it  
 2 is central to this particular case. And  
 3 more precise, more precisely, the  
 4 commercial viability of this particular  
 5 oil field is a central part of this  
 6 particular case.

7 Q. Okay. Did you understand the  
 8 Shenandoah project to be, essentially, a  
 9 joint venture?

10 A. It was, yes, there were a  
 11 handful of partners. It changed a little  
 12 bit over time. But, yes, it was  
 13 different partners was engaged in this  
 14 particular venture. Anadarko was the  
 15 operator. And then you had other  
 16 partners who also had an interest in, an  
 17 economic interest in this particular  
 18 field.

19 Q. And do you recall who those  
 20 other partners were?

21 A. Yes, it was ConocoPhillips. It  
 22 was Cobalt. In the beginning it was  
 23 Marathon Manali. And at some point  
 24 Marathon sold their interest to Manali  
 25 and Anadarko. But those were the

Page 20

Page 19

1 different partners in the -- with respect  
 2 to the Shenandoah venture.

3 Q. And do you recall -- when you  
 4 say they were partners, did they each  
 5 have an ownership interest in this  
 6 project?

7 A. Yes, they did each have an  
 8 ownership interest in the project.

9 Q. And do you recall in percentage  
 10 terms what the ownership interest of the  
 11 various players were?

12 A. Yes, for Anadarko it started  
 13 out being 30 percent. It was increased  
 14 to 33 percent. For Manali it was 10  
 15 percent, and then increased to 17  
 16 percent. And ConocoPhillips had 30  
 17 percent. And then Cobalt had the  
 18 remainder.

19 Q. And Marathon?

20 A. Marathon had 10 percent in the  
 21 beginning. With 3 percent going to  
 22 Anadarko, and 7 percent going to Manali.

23 Q. Can you turn to page 5 of your  
 24 report, Exhibit 503?

25 MS. JENSEN: Is that the

Page 21

6 (Pages 18 - 21)

<p>1 11/9/2022?</p> <p>2 MR. SLIFKIN: Yes.</p> <p>3 MS. JENSEN: Okay.</p> <p>4 A. You said page 5?</p> <p>5 Q. Page 5.</p> <p>6 A. Yes.</p> <p>7 Q. Okay. And you see paragraph 12</p> <p>8 there?</p> <p>9 A. Yes.</p> <p>10 Q. Okay. And there they reference</p> <p>11 there to information that you reviewed in</p> <p>12 forming your opinion; do you see that?</p> <p>13 A. Correct. There may be more</p> <p>14 information, but, I mean, that's the key</p> <p>15 information that I focused in on, yes.</p> <p>16 Q. And there is a list, there is a</p> <p>17 list of paragraphs (a) through (j) in</p> <p>18 paragraph 12, correct?</p> <p>19 A. That's correct.</p> <p>20 Q. And then you also refer to</p> <p>21 Exhibit B, and that's appended to your</p> <p>22 report, right?</p> <p>23 A. I apologize, I am just coming</p> <p>24 over a cold here. Yes.</p> <p>25 MS. JENSEN: And Bjorn, at any</p>	<p>Page 22</p> <p>1 all of the documents or you can kind of</p> <p>2 focus in on the key documents that you</p> <p>3 used in forming your opinions. And if</p> <p>4 you want everything, well, you know, I</p> <p>5 don't think that's particularly helpful.</p> <p>6 I think it's more helpful to focus in on</p> <p>7 the particular documents that I relied on</p> <p>8 in forming my opinion. But obviously, I</p> <p>9 looked at, you know, other things as</p> <p>10 well.</p> <p>11 Q. You referred to there being, I</p> <p>12 believe, more than a thousand analyst</p> <p>13 reports. What are you referring to?</p> <p>14 A. In this particular case, there</p> <p>15 were analyst reports written about</p> <p>16 Anadarko as well as some of these other</p> <p>17 partners.</p> <p>18 And my recollection, at the top</p> <p>19 of my head, as I sit here right now, that</p> <p>20 that exceeded a thousand analyst reports.</p> <p>21 Now, I didn't, I did not list every</p> <p>22 analyst report written, because there may</p> <p>23 be nothing in there about Shenandoah.</p> <p>24 And it was not something that was really</p> <p>25 in my mind when I was forming my opinion.</p>
<p>1 time you need to take a break, just</p> <p>2 let us know.</p> <p>3 THE WITNESS: I will.</p> <p>4 Q. So Exhibit B is a further</p> <p>5 itemization of the materials that you</p> <p>6 considered in forming your opinions,</p> <p>7 right?</p> <p>8 A. Yes, in this particular case</p> <p>9 there is a lot of information. There is</p> <p>10 more than a thousand analyst reports. I</p> <p>11 mean there is just a lot of information.</p> <p>12 And this just trying to distill it down</p> <p>13 to more of the key information that I</p> <p>14 relied on and considered in forming my</p> <p>15 opinion. Yeah.</p> <p>16 Q. So is there additional</p> <p>17 information that you reviewed, but didn't</p> <p>18 factor into your opinion in this matter?</p> <p>19 A. Yes, there will always be more</p> <p>20 information that you may review. I had</p> <p>21 available to me as footnote 4 points out,</p> <p>22 access to pretty much all of the</p> <p>23 documents produced in this particular</p> <p>24 case. And, you know, you can go overly</p> <p>25 broad and say, okay, you know, these are</p>	<p>Page 23</p> <p>1 Q. Okay. With respect to</p> <p>2 materials you actually relied upon in</p> <p>3 forming your opinion -- so are you with</p> <p>4 me? I am now talking about what you</p> <p>5 actually relied upon, as opposed to what</p> <p>6 you may have reviewed or had available.</p> <p>7 Are you with me?</p> <p>8 A. Yes.</p> <p>9 Q. With respect to those materials</p> <p>10 that you actually relied upon, are there</p> <p>11 any materials you relied upon which are</p> <p>12 not identified in paragraph 12 or Exhibit</p> <p>13 B?</p> <p>14 A. I do not believe so. I think</p> <p>15 that there may be something in a</p> <p>16 footnote, where I talk about an analyst</p> <p>17 report that maybe it didn't make it into</p> <p>18 my list there. But it should have made</p> <p>19 it into the list -- you know, so,</p> <p>20 anything that I mention in my report in</p> <p>21 the footnotes, and so on, should have</p> <p>22 been also in Exhibit B.</p> <p>23 Q. Now, I think you mentioned</p> <p>24 analyst reports about Anadarko and its</p> <p>25 partners.</p>

7 (Pages 22 - 25)

<p>1 A. Correct.</p> <p>2 Q. I think that's what you said a 3 few minutes ago, yes?</p> <p>4 A. Yes.</p> <p>5 Q. And by partners, you mean the 6 list you gave me before, Conoco, Cobalt, 7 Marathon and Manali?</p> <p>8 A. Yes.</p> <p>9 Q. And of those four companies 10 that I just listed, which was public?</p> <p>11 A. Well, Cobalt was public.</p> <p>12 ConocoPhillips was public. Of course 13 Anadarko was public. Marathon would have 14 been public, but they sold their interest 15 at one point in time. Manali would not 16 have been public.</p> <p>17 Q. Okay. So let's take a look 18 back at your paragraph 12. In D, you 19 refer to public filings by Anadarko with 20 the SEC including 10-K, 10-Q, 8-K, and so 21 forth; do you see that?</p> <p>22 A. Yes.</p> <p>23 Q. And publicly-traded companies 24 are required to file Ks, Qs and other 25 such documents with the SEC, right?</p>	<p>Page 26</p> <p>1 So, on Exhibit B, page 2, at 2 the very top there, I have, 3 ConocoPhillips form 8-K that was filed on 4 May 2nd. There was one sentence there 5 talking about the whole expense they had 6 taken with respect to the Shen-6 -- 7 that's S-H-E-N-6, that particular well. 8 So I looked at that.</p> <p>9 Other than that, I don't think 10 I found much with respect to 11 ConocoPhillips. So I don't -- I didn't 12 really list anything.</p> <p>13 Q. Did you look at any filings 14 with the SEC for Cobalt?</p> <p>15 A. Yes.</p> <p>16 Q. And did you rely upon any of 17 those?</p> <p>18 A. It was, actually, I think with 19 respect to Cobalt, it would have been, I 20 know that they made a press release and a 21 filing after the fact. So from my 22 analysis, I don't know if I referenced 23 anything in my report with respect to 24 that, but I am certainly aware of it. 25 And I am certainly aware of the analyst</p>
<p>1 A. That's correct, yes.</p> <p>2 Q. Okay. Did you look at Ks, Qs 3 and other publicly-filed documents for 4 Conoco?</p> <p>5 A. I think I did. And if there 6 wasn't anything there about Shenandoah, 7 then I considered, I would not have 8 included it. I would have to look at 9 Exhibit B, and see if there was anything 10 that I listed.</p> <p>11 Q. But if you did look at it, it 12 would be on Exhibit B?</p> <p>13 MS. JENSEN: Objection, 14 misstates.</p> <p>15 A. It would be even, you know, for 16 instance, I recall that they had, 17 ConocoPhillips had an earnings release on 18 May 2nd of 2017. I know I looked at 19 their earnings release. I know that I 20 looked at the Form 10Q. I can 21 double-check to see whether -- and I talk 22 about it in here -- and whether or not it 23 made it into my information. I think it 24 made it into my information relied on 25 here. I would have to double -- yeah.</p>	<p>Page 27</p> <p>1 reports discussing the impact of the 2 suspension of the appraisal at the 3 Shenandoah on Cobalt's stock price.</p> <p>4 Q. I will come to press releases 5 and analyst reports in a minute. Right 6 now I am just focused on public filings 7 with the SEC.</p> <p>8 And so the question is, did you 9 rely upon any SEC filings of Cobalt in 10 forming your opinion?</p> <p>11 A. I certainly reviewed their 12 press release that also would be a part 13 of an SEC filing. But beyond that, I 14 don't, I don't believe I did.</p> <p>15 Q. Okay. And did you rely upon 16 any SEC filings by Marathon in forming 17 your opinion in this matter?</p> <p>18 A. I don't believe I did, no.</p> <p>19 Q. Okay. Now, you previously 20 mentioned press releases. If you look 21 again at paragraph 12 of your report 22 under the item (e), it says "Anadarko 23 press releases and conference call 24 transcripts." Do you see that?</p> <p>25 A. Yes.</p>

8 (Pages 26 - 29)

<p style="text-align: right;">Page 30</p> <p>1 Q. Did you review any Conoco press 2 releases? 3 A. Yes. 4 Q. And did you rely upon any 5 Conoco press releases? 6 A. Yes, I looked at the first 7 quarter of 2017 earnings release of 8 ConocoPhillips, yes. 9 Q. Okay. And are all of the press 10 releases that you relied upon from Conoco 11 identified on page 2 and 3 of Exhibit B? 12 A. The two specific ones that I 13 recall is the one on May 2nd, 2017 and 14 May 4th, 2017. And both of them are 15 here, listed here in Exhibit B. 16 Q. Okay. 17 A. By the way, let me add 18 something, I think that I referenced 19 another one and that was July 16, 2015. 20 And that is also listed here. 21 Q. And did you rely upon any press 22 releases by Marathon? 23 A. No, I don't think so. 24 Q. And did you rely upon any press 25 releases by Cobalt?</p>	<p style="text-align: right;">Page 32</p> <p>1 Q. And you list, if I am correct, 2 two Cobalt conference calls; do you see 3 that? 4 A. That is correct. 5 Q. And did you rely upon all of 6 those conference call transcripts in 7 forming your opinion? 8 A. Yes. 9 Q. Did you look at any 10 ConocoPhillips conference call 11 transcripts? 12 A. I looked at ConocoPhillips 13 conference calls, but typically they 14 would not discuss anything of relevance 15 relating to Shenandoah. 16 Q. So I take it you didn't rely on 17 any ConocoPhillips conference calls? 18 A. Correct. 19 Q. And did you look at any 20 Marathon conference call transcripts? 21 A. I don't recall if I did or 22 didn't. They were not the partner during 23 the time period that I focused on the 24 most. So I certainly did not rely on it 25 in forming my opinions.</p>
<p style="text-align: right;">Page 31</p> <p>1 A. Yes. 2 Q. And are those identified on 3 pages 2 and 3 of Exhibit B? 4 A. Yes. 5 Q. Now, in paragraph 12, you refer 6 to "Conference call transcripts." What 7 are you talking about? 8 A. Following earnings releases, 9 typically, the company has a conference 10 call with analysts where analysts can ask 11 -- well, first they typically provide a 12 short presentation discussing their 13 results. And then typically there is a 14 question and answer session where 15 analysts can ask questions. And we 16 typically refer to those as conference 17 calls. 18 Q. Now, on page 3 of Exhibit B, 19 there is a heading "Conference Calls"; do 20 you have that? 21 A. Yes. 22 Q. And you list 11 separate 23 Anadarko conference calls; do you see 24 that? 25 A. Yes.</p>	<p style="text-align: right;">Page 33</p> <p>1 Q. And to be clear, when you said 2 the time period that you focused on the 3 most, what time period is that? 4 A. My analysis focuses -- a lot of 5 my analysis focuses on the, what happened 6 when, you know, the truth was exposed to 7 the market. In other words, what was the 8 impact on Anadarko's stock price by the 9 release of the alleged truth. And that 10 occurred on May 2nd, 2017 after the 11 market had closed. And also in the 12 morning of May 3rd, 2017, which is when 13 the conference call took place. 14 Q. Just so we are all on the same 15 page, when you say the alleged truth, 16 what are you referring to? 17 A. It is the truth that plaintiffs 18 allege was concealed throughout the class 19 period. 20 Q. And in this case, what is that? 21 A. The truth with respect to the 22 commercial viability of Shenandoah. 23 Q. Okay. And I take it you're not 24 offering an opinion with respect to 25 whether Shenandoah was or was not</p>

9 (Pages 30 - 33)

<p>1 commercially viable; is that fair?</p> <p>2 A. That's correct, yes.</p> <p>3 Q. Right. You're leaving that as</p> <p>4 a matter of proof by plaintiffs, I take</p> <p>5 it?</p> <p>6 A. That's correct, yes.</p> <p>7 Q. But your assumption is that</p> <p>8 plaintiffs will prove its allegations,</p> <p>9 correct?</p> <p>10 A. That's correct. That's the</p> <p>11 general way of approaching this</p> <p>12 particular issue as a damage expert, yes.</p> <p>13 Q. Okay. Let's try and get some</p> <p>14 base lines established here. When you</p> <p>15 say commercial viability in this context,</p> <p>16 what do you understand that to mean?</p> <p>17 A. Commercial viability has to do</p> <p>18 with whether or not the economics of the</p> <p>19 Shenandoah was such that it could be</p> <p>20 pursued -- pursued in a commercially</p> <p>21 viable matter. Another, as an investment</p> <p>22 whereby you would make money on it.</p> <p>23 There are costs associated with it. And</p> <p>24 there are presumably some revenues and</p> <p>25 profits that come later on.</p>	<p>Page 34</p> <p>1 And a lot of investment is upfront. And</p> <p>2 those are the costs. And of course,</p> <p>3 there are always, if you decide to</p> <p>4 sanction the field and build it out,</p> <p>5 infrastructure is all set up. Then there</p> <p>6 are, of course, the costs for operating</p> <p>7 it. But those costs are typically much</p> <p>8 less than the initial costs. But those</p> <p>9 are the costs typically in a project like</p> <p>10 this.</p> <p>11 Q. In your understanding was any</p> <p>12 special type of drilling technology</p> <p>13 required for developing and exploiting</p> <p>14 the Shenandoah field?</p> <p>15 MS. JENSEN: Objection.</p> <p>16 Compound. Vague.</p> <p>17 MR. SLIFKIN: All right. Let me</p> <p>18 fix that.</p> <p>19 Q. In your understanding, was any</p> <p>20 special type of drilling technology</p> <p>21 required for exploiting the Shenandoah</p> <p>22 field?</p> <p>23 A. I know that there was some</p> <p>24 discussion about what type of technology</p> <p>25 that they were, they might be using. But</p>
<p>1 So typically, for something to</p> <p>2 be viable, it has to, you know, you</p> <p>3 certainly need to get more money back or</p> <p>4 expect to get more money back than what</p> <p>5 you spend upfront as an investment.</p> <p>6 And then there was a threshold</p> <p>7 matter. And that is that you don't</p> <p>8 engage in this type of endeavor just to</p> <p>9 break even. There are certain threshold</p> <p>10 profits that are -- that one would</p> <p>11 expect. And if that threshold is met,</p> <p>12 then the investment is viable.</p> <p>13 Q. Now, you mentioned costs. So</p> <p>14 what, in your understanding, were the</p> <p>15 potential costs with a commercial</p> <p>16 development of the Shenandoah field?</p> <p>17 A. Well, there is, of course,</p> <p>18 initial drilling costs. We talk about</p> <p>19 the exploration well, the appraisal well,</p> <p>20 sidetrack well, bypass well. The experts</p> <p>21 can talk about the different type of data</p> <p>22 that these wells collect, and so on. But</p> <p>23 these things are very, very costly.</p> <p>24 Hundreds of millions of dollars. And of</p> <p>25 course, so you have to invest in them.</p>	<p>Page 35</p> <p>1 in terms of the technology itself, I am</p> <p>2 not intimately aware of all of the</p> <p>3 technical differences between the</p> <p>4 different technologies.</p> <p>5 Q. Do you know if the technology</p> <p>6 that was needed for the exploitation of</p> <p>7 Shenandoah was in place at the beginning</p> <p>8 of the class period?</p> <p>9 A. I have not investigated that</p> <p>10 particular issue, to what extent they had</p> <p>11 everything in place or had to modify</p> <p>12 things, you know. It's not something</p> <p>13 that I have investigated.</p> <p>14 Q. Do you know if the technology</p> <p>15 necessary to exploit the Shenandoah field</p> <p>16 was in place at the end of the class</p> <p>17 period?</p> <p>18 A. It's not something that I have</p> <p>19 specifically investigated.</p> <p>20 Q. Okay. You mentioned revenues</p> <p>21 from a project. I assume that's from the</p> <p>22 sale of whatever hydrocarbons are</p> <p>23 obtained from the field, right?</p> <p>24 A. Yeah. So ultimately what</p> <p>25 happens is that often you have to put the</p>

10 (Pages 34 - 37)

<p>1 infrastructure in place. You spent all 2 that money. You have the infrastructure 3 in place. And then over the next years, 4 decades, you know, you effectively are 5 extracting, in this case oil, and you're 6 selling that oil on the market. And, you 7 know, that's how you would generate 8 revenues.</p> <p>9 Q. Okay. During the class period, 10 did you look at what the price of oil 11 was?</p> <p>12 A. Yes, I am familiar with the ups 13 and downs of oil prices before, during 14 and after the class period in general 15 terms. It's not something I have 16 memorized but.</p> <p>17 Q. Do you have any recollection of 18 what the price of oil was for the kind of 19 oil that could be extracted from 20 Shenandoah during the class period?</p> <p>21 A. It varied. And, you know, oil 22 prices varied during the class period. 23 It ended up, I think it was around 50 24 bucks a barrel at the very end of the 25 class period, average. I think I</p>	<p>Page 38</p> <p>1 Sorry. 2 Q. I take it -- well, let me 3 withdraw that and go back. 4 You mentioned revenues, right? 5 And revenues are from selling the 6 hydrocarbons that are extracted from the 7 field, right? 8 A. Yes. Selling the oil. 9 Q. So I take it if the price of 10 oil goes up, then there are more 11 potential revenues?</p> <p>12 MS. JENSEN: Objection, to the 13 extent it calls for speculation. 14 A. If costs are the same and 15 revenue goes up, then profits go up, yes. 16 Q. That's not what I asked you. I 17 asked you if the price of oil goes up 18 then everything else being equal, the 19 potential revenues go up, correct? 20 MS. JENSEN: Objection, to the 21 extent that it calls for speculation. 22 Foundation. 23 A. I think that it's reasonable to 24 expect that revenues go up. If 25 everything else held constant, then the</p>
<p>1 calculated somewhere was slightly below 2 that. But it also was below 30 at some 3 point, I believe. 4 And again, this is just my 5 recollection. It had been much higher 6 prior to the class period. I think there 7 was a five-year period where it was above 8 \$60 -- more than a five-year period where 9 it was more than \$60. But that's the way 10 that oil prices are, you know. They go 11 up. They go down. 12 And I think that one of the 13 points that Walker was making somewhere, 14 I can't recall exactly where, is that you 15 had to have a long-term perspective on 16 this. So you own something for a very, 17 very long time. And at some points the 18 oil prices are going to be high and 19 sometimes they are going to be low. 20 But the question is that, you 21 know, when we look at an average over a 22 long period of time, is it a viable field 23 to explore -- 24 Q. I take it -- 25 A. Oh, I am sorry -- develop.</p>	<p>Page 39</p> <p>1 price of oil goes up. Yes, I think 2 that's a reasonable expectation. 3 Q. And conversely, everything else 4 being equal, if oil prices go down, then 5 potential revenues go down, as well? 6 MS. JENSEN: Again, foundation. 7 And objection, to the extent that it 8 calls for speculation. 9 A. I think it's reasonable to 10 expect that holding everything else 11 equal, if the price of oil declines, then 12 revenues will decline. 13 Q. I think you said you're 14 familiar with oil prices after the class 15 period ended. Did I hear that correct? 16 A. Yeah. Well, I looked -- I 17 think that, you know, as part of 18 investing a little bit in oil companies, 19 and so on, yeah, I followed it a little 20 'bit, yes. 21 Q. And -- 22 MS. JENSEN: I am sorry. I am 23 sorry, Dan, let me just get an 24 objection to beyond the scope. 25 Q. As we sit here today, has oil</p>

1 prices gone up since the end of the class  
 2 period?  
 3 MS. JENSEN: Objection. Beyond  
 4 the scope.  
 5 A. Yeah, what happened -- one of  
 6 the things that I was interested in was  
 7 that internally in March of 2017, there  
 8 was an internal memo. And my  
 9 understanding of the way I interpreted  
 10 the internal memo was that they expected  
 11 oil prices in 2018 to average about \$64,  
 12 \$67 a barrel. And it seems to me that  
 13 that was pretty much where oil went, on  
 14 average. And in 2018 was roughly, you  
 15 know, in the mid-60s. So, you know, but  
 16 that's just an observation.  
 17 Q. So as we sit here today, is it  
 18 fair to say that oil prices have spiked?  
 19 MS. JENSEN: Objection. Beyond  
 20 the scope. Vague as to time.  
 21 A. I think that in connection with  
 22 the Russian invasion of the Ukraine, it  
 23 probably spiked. But it has come down  
 24 quite a bit since then.  
 25 Q. Do you have any sense, as you

Page 42

1 being exploited today?  
 2 MS. JENSEN: Objection. Far  
 3 beyond the scope.  
 4 A. My understanding is that there  
 5 are some -- well, effectively, Anadarko  
 6 and Parship Group had to give up their  
 7 lease. That's my understanding. My  
 8 understanding is that there may be some  
 9 other group looking into it. I mean  
 10 that's a factual issue that I am not here  
 11 to provide that type of information.  
 12 Q. Did the current status of the  
 13 exploitation of the Shenandoah field,  
 14 factor at all into your opinions in this  
 15 matter?  
 16 MS. JENSEN: Objection. Dan,  
 17 again, far beyond the scope. Far  
 18 after the class period.  
 19 A. It would not factor into my  
 20 analysis of the price decline in, on May  
 21 3rd of 2017. No.  
 22 Q. Now, I believe you testified  
 23 that during the class period that the  
 24 price of oil fluctuated; is that fair?  
 25 A. Yes.

Page 44

1 sit here today, of what the current price  
 2 of oil is?  
 3 MS. JENSEN: Objection. Beyond  
 4 the scope. This is -- so, Dan, I  
 5 mean, look, I think you're getting  
 6 pretty far afield. This is far after  
 7 the class period. So I'll leave it  
 8 there. But I expect you'll move on  
 9 pretty quickly.  
 10 Q. Do you have the question in  
 11 mind?  
 12 A. Yeah. I mean, I know it went  
 13 above, above 100 and now it has come down  
 14 below 100. I think it went down below  
 15 80, even. So I haven't really looked at  
 16 the prices, you know, lately.  
 17 But I think I was reading that  
 18 in the beginning of the war we were, the  
 19 U.S. was releasing oil from their  
 20 reserves. And know that they were buying  
 21 it back at much cheaper prices. So, you  
 22 know, I mean I have a general  
 23 understanding.  
 24 Q. Do you have any understanding  
 25 as to whether the Shenandoah field is

Page 43

1 Q. Did that fluctuation of the  
 2 price of oil during the class period  
 3 factor in any way into the opinion that  
 4 you're offering in this matter?  
 5 A. There is always a question  
 6 whether or not you should include some  
 7 adjustment for multiple factors operating  
 8 on the fraud on the inflation. So I have  
 9 a footnote with respect to that.  
 10 And, you know, I think the most  
 11 common thing is not to make any  
 12 adjustments because there are other  
 13 things that one would have to consider as  
 14 well. And ultimately, it's a wash. And  
 15 in this case, it would lead to higher  
 16 inflation on most of the base during the  
 17 class period. And I was not comfortable,  
 18 without a better basis to increase  
 19 damages based on that.  
 20 And there is also the issue of  
 21 the fact that the price that you would  
 22 sell the oil in Shenandoah for is not  
 23 today's price. It would be the price,  
 24 whatever it would be, when the field was  
 25 fully developed and that price is, of

Page 45

12 (Pages 42 - 45)

1 course, not known.  
 2 So, you had to have, you know,  
 3 it's more common to take a long-term  
 4 perspective with respect to that.  
 5 Q. Okay. Now, you mentioned --  
 6 well, withdrawn. Let me ask one more  
 7 question or one more topic on this.  
 8 I take it you didn't make your  
 9 own assessment of commercial viability of  
 10 the Shenandoah field?  
 11 MS. JENSEN: Asked and answered.  
 12 A. No. That would involve a lot  
 13 of expertise that I do not have in  
 14 geology, geophysics and so on. So no, I  
 15 did not.  
 16 Q. Do you have any understanding  
 17 as to whether the fluctuating price of  
 18 oil during the class period affected the  
 19 commercial viability of the Shenandoah  
 20 field?  
 21 MS. JENSEN: Objection,  
 22 foundation. Objection, to the extent  
 23 that it calls for speculation.  
 24 A. It depends on the way that -- I  
 25 mean, what you're trying to determine

Page 46

1 Q. Do you have any knowledge as to  
 2 whether expected future oil prices  
 3 changed during the class period?  
 4 A. There would be changes, but it  
 5 would -- you can look at the future  
 6 prices, the futures being traded on the  
 7 New York Mercantile Exchange. But  
 8 typically those are going to be more  
 9 short term, maybe a year or two. So it  
 10 depends on what you mean by long-term old  
 11 prices. It's a complicated -- it's a  
 12 difficult thing to forecast. And then  
 13 you have events such as Covid that can  
 14 all of a sudden have a big impact on oil  
 15 prices. The oil prices went down. And  
 16 then you have the Russian invasion of  
 17 Ukraine. And the oil price goes up. So  
 18 you have all of these factors that you  
 19 just don't know.  
 20 So it's very, very difficult to  
 21 forecast oil prices, you know, five  
 22 years, 10 years. But over a long period  
 23 of time, you know, you can have some  
 24 sense that you probably will go through  
 25 periods with low prices and periods with

Page 48

1 from an economic point of view is what is  
 2 the price of oil that you will receive  
 3 when you sell the oil.  
 4 And so it's not clear to me  
 5 exactly how the current price of oil  
 6 necessarily changes the price of oil of a  
 7 field over a long period of time. There  
 8 may be, but it's not exactly clear to me.  
 9 Typically what happens is that  
 10 you have periods where, you know, you  
 11 have more supply than demand. And, you  
 12 know, the price is so low. And then  
 13 everybody corrects for that and then the  
 14 prices go up, and so on. So you have  
 15 a fluctuation. And if you have a  
 16 long-term perspective, then it kind of  
 17 cancels out.  
 18 But there can be other factors.  
 19 And they are more complicated to actually  
 20 get to where there could be change --  
 21 changes with respect to expectations with  
 22 respect to what the oil price will be  
 23 five, 10 years from now. I certainly  
 24 have not performed that analysis. So I  
 25 can only work with what I have.

Page 47

1 high prices.  
 2 Q. Did you make any effort to look  
 3 at what the expectation of future oil  
 4 prices was internally at Anadarko during  
 5 the class period?  
 6 MS. JENSEN: Objection. Beyond  
 7 the scope.  
 8 A. The only thing that comes to  
 9 mind is, I think it was March 17th --  
 10 March -- it was probably March 17th,  
 11 2017, or something like that, I reference  
 12 it in one of my reports.  
 13 And I think their expectation  
 14 was that the oil prices would be 64 to 67  
 15 dollars on average during 2018. And I  
 16 also think that -- I think it was Walker  
 17 who made some statements that he thought  
 18 that that average oil price in 2017 would  
 19 be, probably be around \$60. That may be  
 20 a reflection of what they thought  
 21 internally. But that is also very, very  
 22 short term because, you know, the oil  
 23 from Shenandoah would not be sold in  
 24 either 2017 or 2018.  
 25 Q. In your understanding, had

Page 49

13 (Pages 46 - 49)

1 Shenandoah been commercially developed,  
 2 in what time frame would the sale of oil  
 3 have been?  
 4 A. It would have been a few years  
 5 away, that's my understanding. But as I  
 6 sit here right now, I don't know exactly  
 7 when that would be.  
 8 Q. Okay. So you reference this  
 9 document and something that Mr. Walker  
 10 said.  
 11 Do you have any knowledge as to  
 12 how those expectations with respect to  
 13 the future price of oil compared to  
 14 internal Anadarko expectations earlier in  
 15 the class period?  
 16 A. I do not know. I don't have  
 17 any opinions relating to that. And it's  
 18 beyond the scope of what I was focusing  
 19 on.  
 20 Q. Okay. So to come back you  
 21 spoke about the alleged truth coming out.  
 22 And you said in this case it's the truth  
 23 with respect to commercial viability.  
 24 Are you with me?  
 25 A. Correct.

Page 50

1 concealed. It was something that the  
 2 company, you know, that or similar  
 3 information, is something that the  
 4 company should have revealed earlier.  
 5 It's just an alleged truth. It's in the  
 6 complaint.  
 7 Q. And for purposes of your  
 8 analysis, when should that alleged truth  
 9 have been disclosed to the market?  
 10 A. The misrepresentations relating  
 11 to the commercial viability of the  
 12 Shenandoah started on, when they filed  
 13 the 10-K. So that was, I think it was  
 14 after the market closed on February 20th.  
 15 So it would be on February 21st, 2015.  
 16 That's where you would have, there would  
 17 have been some truth.  
 18 And my understanding is that  
 19 the truth at that point in time would  
 20 have been that the Shenandoah was most  
 21 likely not commercially viable as of that  
 22 time.  
 23 Q. When you say most likely, what  
 24 do you mean by most likely?  
 25 A. Well, that is the determination

Page 52

1 Q. And in your understanding, at  
 2 least, for the purposes of your analysis,  
 3 what was the truth that came out?  
 4 MS. JENSEN: Objection. Asked  
 5 and answered.  
 6 A. Well, the specific alleged  
 7 truth in this particular case relates to  
 8 the suspension of appraisal activities at  
 9 the Shenandoah; as well as the impairment  
 10 charge that they took at the time; as  
 11 well as the expenses of the drilling  
 12 costs, including drilling costs -- some  
 13 drilling costs that had previously been  
 14 capitalized. And as well as, you know,  
 15 results of the Shen-6 sidetrack well that  
 16 was dry.  
 17 Q. Okay. So you say that's the  
 18 truth with respect to Shenandoah?  
 19 A. No, that is the alleged truth.  
 20 That is what plaintiffs allege in the  
 21 complaint.  
 22 I am not here -- I am not the  
 23 paid juror to determine whether or not  
 24 those allegations are correct or not, but  
 25 that is information that was fraudulently

Page 51

1 of the other experts in this particular  
 2 case. So most likely means that it is  
 3 more than 50 percent. That's the way I  
 4 read it.  
 5 Q. Okay. And did that, did that  
 6 change during the class period, the  
 7 likelihood of commercial viability?  
 8 A. After the Shen-4, the experts  
 9 concluded, the assumption is that it  
 10 certainly was not commercially viable  
 11 after. So it goes from most likely to  
 12 certainly not commercially viable.  
 13 Q. And this analysis of most  
 14 likely shifting to certainly not, in your  
 15 understanding, was that known within  
 16 Anadarko during the class period?  
 17 MS. JENSEN: Objection, to the  
 18 extent that it calls for speculation.  
 19 Objection, beyond the scope.  
 20 A. Could you repeat the question?  
 21 Q. Yes. That shift with respect  
 22 to commercial viability during the class  
 23 period that you just described to me,  
 24 from most likely to be -- most likely not  
 25 commercially viable to certainly not

Page 53

<p style="text-align: right;">Page 54</p> <p>1 commercially viable. Are you with me, I 2 am talking about that distinction that 3 you just described? 4 A. Correct. 5 Q. So that distinction, in your 6 understanding, was that distinction known 7 to folks within Anadarko during the class 8 period?</p> <p>9 MS. JENSEN: Objection.</p> <p>10 Characterization and beyond the scope.</p> <p>11 A. I don't know what was known 12 internally at Anadarko. But all I know 13 is that based on the experts' review of 14 the results from the Shen-4, that is what 15 they determined. That's my 16 understanding.</p> <p>17 Q. And so you haven't done an 18 independent analysis of this. You're 19 just taking the work and conclusions of 20 other experts; is that fair?</p> <p>21 MS. JENSEN: Objection to the 22 characterization.</p> <p>23 A. Yes, I am. I have no knowledge 24 of what Shenandoah understood internally.</p> <p>25 Q. Okay. So you -- do you know</p>	<p style="text-align: right;">Page 56</p> <p>1 as to what her analysis was? 2 A. Obviously, there is some 3 discussion about it, about her 4 whistleblower complaint. But, no, I 5 don't have any particular understanding 6 of what her view was, no. 7 Q. Okay. Did you investigate the 8 understanding of the non-Anadarko 9 partners, the Shen partners who weren't 10 Anadarko, was during the class period 11 with respect to commercial viability? 12 A. I have no knowledge other than 13 the public statements that they were 14 making with respect to what their 15 internal view was with respect to 16 Shenandoah. 17 Q. Now, you mentioned Shen-4, are 18 you with me? 19 A. Yes. 20 Q. Okay. I take it you're aware 21 that after the, after the Shen-4 well 22 results came out, wells were drilled 23 known as Shen-5 and Shen-6, correct? 24 A. That's correct, yes. 25 Q. And you mentioned the end of</p>
<p style="text-align: right;">Page 55</p> <p>1 who Lea Frye is? 2 A. Yes. I believe she was the 3 lady who filed a whistleblower complaint. 4 Q. Did that whistleblower 5 complaint factor into your analysis at 6 all? 7 A. I think it probably factored 8 into -- it may have factored into the 9 other experts' work in this case. And I 10 am taking my assumptions from them. 11 So indirectly, you know, maybe 12 it impacted my analysis. But I am 13 looking at the assumptions that were 14 provided to me. So I don't know to what 15 extent her whistleblower complaint, you 16 know, factored into these assumptions and 17 consequently how that factored into my 18 analysis, which is based on those 19 assumptions. 20 Q. Did you investigate what Ms. 21 Frye's understanding with respect to the 22 commercial viability of the Shenandoah 23 field was during the class period? 24 A. No, I did not. 25 Q. Do you have any understanding</p>	<p style="text-align: right;">Page 57</p> <p>1 the class period is the announcement of 2 the Shen-6 results, correct? 3 MS. JENSEN: Objection. 4 Characterization. 5 A. It was a suspension of the 6 appraisal of Shenandoah and also the 7 result of the Shen-6 sidetrack well that 8 ended the class period. 9 Q. And I think you mentioned the 10 Shen-6 sidetrack well was dry? 11 A. That was disclosed at that 12 point in time, yes. 13 Q. And do you know when those 14 results actually came in? 15 A. You mean to Anadarko? 16 Q. Yes. 17 A. No, I do not know when those 18 results came in. 19 Q. But you understand that at the 20 time of the Shen-4 well results, Shen-5 21 and Shen-6 hadn't been drilled? 22 A. Yeah, yes. 23 Q. And thereby their results by 24 definition were not available? 25 MS. JENSEN: Objection,</p>

15 (Pages 54 - 57)

Page 58	Page 60
1 characterization.	1 record. This will be the start of
2 A. Yes. Obviously, in a case like	2 media unit number 2. You can proceed,
3 this the argument is not that the Shen-6	3 counsel.
4 results should have been disclosed at the	4 MR. SLIFKIN: Thank you.
5 time of the Shen-4 results were disclosed	5 BY MR. SLIFKIN:
6 or at the time the Shen-3 results were	6 Q. Do you have any understanding
7 disclosed.	7 of what the results of Shen-4 were?
8 The issue there, I mean the	8 A. Yeah, just what they stated in
9 arguments in these type of cases is that	9 -- publicly stated, that they encountered
10 the results or the information that the	10 620 net feet of oil pay. And I have, you
11 company already had would have	11 know, a brief summary of that in
12 demonstrated the lack of commercial	12 paragraph 21 in my report.
13 viability of the Shenandoah. Not the	13 Q. In your understanding was
14 specific Shen-6 results.	14 there, in fact, 620 net feet of oil pay
15 Q. Do you have any understanding	15 in Shen-4?
16 as to why the Shen-5 well was drilled?	16 MS. JENSEN: Objection. Beyond
17 MS. JENSEN: Objection, to the	17 the scope.
18 extent that it calls for speculation.	18 A. I have not been asked to assume
19 Foundation.	19 anything. I mean I don't know.
20 A. Other than the obvious answer	20 Q. For purposes of your analysis,
21 that they wanted more information. I	21 you know, did you deem that statement to
22 don't, I don't have anything -- I haven't	22 be false?
23 reviewed any internal documents to	23 A. I think that the argument by
24 investigate anything in particular with	24 plaintiffs, to my understanding, is that
25 respect to anything more in particular	25 the statement was misleading, and that it
1 with respect to that issue.	1 did not fully reflect what the company
2 Q. Do you have any understanding	2 knew about Shen-4.
3 as to the process for the approval of	3 Q. About Shen-4 or Shen as a
4 Shen-5 -- let's take Shen-5 -- the	4 whole?
5 process for the approval of the Shen-5	5 A. Well, what I am working with is
6 well?	6 the assumption with respect to commercial
7 MS. JENSEN: Objection. Beyond	7 viability. So that is really what I am
8 scope.	8 working with. But that, that assumption
9 A. The internal process that	9 became stronger after Shen-4, presumably
10 Anadarko went through in order to	10 because of results relating to Shen-4.
11 determine whether or not to drill Shen-5	11 Q. Do you have any understanding
12 is beyond what I have looked at.	12 as to whether -- withdrawn.
13 MR. SLIFKIN: Okay. Well, why	13 I know you're not sort of an
14 don't we take a little bit of a break,	14 oil and gas expert, but do you have any
15 and we can go to the restroom, and so	15 understanding as to whether or not 620
16 forth. Maybe 10 minutes. Is that	16 net feet of oil pay is a lot or a little
17 fair?	17 or good, bad; any understanding in that
18 MS. JENSEN: Sure.	18 regard?
19 THE VIDEOGRAPHER: The time is	19 MS. JENSEN: Objection. Beyond
20 10:26 a.m., we are going off the	20 scope and form.
21 record. This will end media unit	21 A. Well, it depends on -- you
22 number 1.	22 know, it depends on what the expectations
23 [Off the record.]	23 are, right? And it depends on what you
24 THE VIDEOGRAPHER: The time is	24 compare it to. And so I think that what
25 10:41 a.m., and we are back on the	25 you would do, I mean if you compare it to

16 (Pages 58 - 61)

1 the thousand feet of net oil pay from  
 2 Shen-2, you know, it's less than that.  
 3 But, you know, you know, it's more than  
 4 Shen-1.

5 So I think there is a lot of  
 6 information that is derived from drilling  
 7 a well that may or may not be reflected  
 8 in just one number, 620 net feet of oil  
 9 pay. You know, it seems to me that the  
 10 company viewed it as pretty good.

11 I think the quote -- they were  
 12 talking about it, the reservoir quality,  
 13 and the initial assessment looks pretty  
 14 comparable to everything else we found  
 15 out there. And it goes on to say that we  
 16 are very encouraged.

17 So I think that the color alone  
 18 also is a second thing that the investor  
 19 would assess when they, when they receive  
 20 a result like this.

21 Q. Okay. Now, you mentioned that  
 22 Shen-2 -- Shen-2 had a thousand feet of  
 23 pay in your prior answer; are you with  
 24 me?

25 A. Correct. So what I am saying

1 is that if the only thing that you're  
 2 looking at, because the only thing in  
 3 your question was the number, 620. Is  
 4 620 good?

5 Well, you know, it's not as  
 6 good as a thousand; right? But then  
 7 again, I mean, I think you have to, you  
 8 know, look at the entire picture. I  
 9 mean, how many wells did they drill, you  
 10 know? And from all of them, is this the  
 11 best one of a bunch of them? I mean what  
 12 else is there? You know, is there other  
 13 information there that would detract from  
 14 this particular number?

15 So I would be, you know,  
 16 depending on your level of expertise in  
 17 this particular field, an investor  
 18 would -- some investor would take great  
 19 guidance from the way that the results  
 20 were characterized by the company.  
 21 Others may look at it a little bit  
 22 different.

23 So just looking at one number,  
 24 I think you have to look at how it's  
 25 characterized by the company, and whether

Page 62

1 or not there are other issues or other  
 2 facts or information that was also  
 3 revealed by the results of that  
 4 particular well.

5 Q. Just to go back to Shen-2 for a  
 6 moment. So Shen-2 had a thousand feet of  
 7 net oil pay, right?

8 MS. JENSEN: Objection.

9 A. Yes, that is what I recall. I  
 10 have it in paragraph 18. And I don't  
 11 know if I specifically said that it has a  
 12 thousand feet of oil pay. But I am  
 13 pretty sure that's what it had.

14 Q. Well, this is not a trick  
 15 question. You can look at your footnote  
 16 12, if you want.

17 A. Yes, exactly. Yeah.

18 Q. Right. Okay. So then -- and  
 19 that was before the class period, right?

20 A. That's correct, yes.

21 Q. And in your understanding, is  
 22 that statement alleged to be either false  
 23 or misleading?

24 A. No, I mean, my understanding is  
 25 that the class period starts with the

Page 64

Page 63

Page 65

1 misrepresentation, alleged  
 2 misrepresentation in the Form 10-K that  
 3 came out after the market closed on  
 4 February 20th, 2015. So that is the  
 5 first alleged misrepresentation that's  
 6 relevant, for my purposes. You know,  
 7 they may, you know, this may have been a  
 8 false statement, too. But I mean for my  
 9 purposes, you know, I explicitly start my  
 10 inflation following that filing of Form  
 11 10-K.

12 Q. So in your opinion, which are  
 13 the inflationary statements?

14 A. Inflationary statements?

15 Q. Right.

16 A. Well, I mean, I typically call  
 17 them misrepresentations. The alleged  
 18 misrepresentations starts with the  
 19 statement, the representations in the  
 20 Form 10-K for the year-ended 2014.

21 Q. So that's the document that was  
 22 filed with the SEC on February 20th,  
 23 2015; is that right?

24 A. Correct, yes. That is the  
 25 first misrepresentation that I had for

17 (Pages 62 - 65)

<p>1 the purposes of establishing when 2 liability starts in this particular case. 3 Q. Okay. But your opinion has to 4 do with artificial inflation in the stock 5 price, correct? 6 A. Correct, yes. 7 Q. And so my question is, in your 8 opinion, when did that artificial 9 inflation start? 10 A. Well, that started following 11 the first misrepresentation, which was 12 the filing of the 10-K. At that point in 13 time, that's when you get an inflation, 14 which is the difference between the stock 15 price and the true value reflecting the 16 alleged truth. 17 Q. And again that's February 20th, 18 2015? 19 A. Well, it was after the market, 20 so it ends up being February 21st of 21 2015, yes. 22 Q. Okay. So I've asked you -- you 23 know, and I am looking at your paragraph 24 20, just to be clear, right, I assume you 25 have it in front of you?</p>	<p>Page 66</p> <p>1 disclosure, the issue there is whether or 2 not this is a full and accurate 3 disclosure of the results up until that 4 point in time. 5 Q. Okay. But, again, my question 6 is a little bit narrower, which is in 7 your understanding for purposes of your 8 analysis, is it actually incorrect that 9 there was 1,040 net feet of oil pay in 10 Shen-5? 11 MS. JENSEN: Objection. 12 Misleading. 13 A. No, that is not my 14 understanding of their allegations. I 15 think my understanding of their 16 allegations is that there is more 17 information that should have been 18 disclosed with respect to the results of 19 the Shen-5. 20 Q. Okay. Again, and your 21 understanding is that 1,040 net feet of 22 oil pay, is that a lot or no big deal or 23 what? 24 MS. JENSEN: Objection to form. 25 A. Well, you're on your fifth well</p>
<p>1 A. Yes, I do. 2 Q. And I was talking to you about 3 paragraph 21, and that's the Shen-4 4 result. 5 And then if we go to paragraph 6 22, that's the Shen-5 results. And you 7 see there's, you quote an Anadarko 8 announcement on July 26th, 2016 that 9 Shen-5 had encountered more than 1,040 10 net pay -- net feet of oil pay; do you 11 see that? 12 A. That's correct, yes. 13 Q. Okay. And in your 14 understanding, was that a false 15 statement? 16 A. It was a misrepresentation. 17 That's my understanding. 18 Q. When you say that -- 19 A. Because it was not -- typically 20 the way that these cases work is that 21 something is or may be false or 22 misleading if it conceals material 23 information that is necessary in order to 24 fully understand the subject. 25 So with respect to the Shen-5</p>	<p>Page 67</p> <p>1 and you have the highest net pay. So if 2 you just look -- again, if you just look 3 at the number, the number is the highest 4 of all of the wells that had been drilled 5 up until that point in time. So if you 6 just look at the number, that would seem 7 to be pretty good. 8 Q. Okay. Now, there were a series 9 of misstatements alleged in this matter. 10 Are you familiar with that? 11 A. I know that there are a series 12 of misstatements. So, yes. 13 MR. SLIFKIN: Your video is 14 cutting in and out a little bit. I 15 got something that says my Internet is 16 unstable. 17 Let's go off the record for a 18 second. 19 THE VIDEOGRAPHER: Time is 20 10:54, and we are going off the 21 record. Hold on a second. 22 [Off the record.] 23 THE VIDEOGRAPHER: The time is 24 11:07 a.m., and we are back on the 25 record.</p>

<p>1 [Discussion held off the 2 record.]</p> <p>3 BY MR. SLIFKIN:</p> <p>4 Q. Okay. I apologize for the 5 technical difficulty. Let's go back to 6 where we were.</p> <p>7 I take it you're familiar with 8 the fact that in the operative complaint 9 in this matter, there is a series of 10 alleged misstatements during the class 11 period?</p> <p>12 A. Yes, I am.</p> <p>13 Q. Okay. In your opinion, did 14 those alleged misstatements add to the 15 inflation in the price?</p> <p>16 A. Add to the inflation, no. They 17 are statements that, to my understanding, 18 were false and misleading, because they 19 did not disclose the entire truth as 20 alleged by plaintiffs with respect to the 21 issues that were disclosed.</p> <p>22 Q. Okay. Did you perform some 23 kind of event study analysis with respect 24 to each of those 21 alleged 25 misstatements?</p>	<p>Page 70</p> <p>1 -truth was disclosed. So that's, that's 2 what I did in this particular case. 3 Q. Just to go back to my point, 4 inflation is -- withdrawn.</p> <p>5 I take it under your analysis 6 there were two separate bands of 7 inflation during the class period. There 8 is the initial class period and then 9 there is later in the class period, 10 correct?</p> <p>11 A. Correct. There is an increase 12 because their ownership increased. In 13 other words, I looked at the price 14 decline at the very end of the class 15 period. And then I reduced that 16 inflation because during the earlier 17 period, in the class period, the company 18 only owned 30 percent of the Shenandoah 19 as opposed to 33 percent, which was the 20 ownership at the time of the corrective 21 disclosure.</p> <p>22 Q. Can you explain to us why that 23 change in ownership makes a difference 24 for you?</p> <p>25 A. Well, the issue is what the</p>
<p>1 A. The initial analysis that I did 2 for market efficiency did look at each 3 day. But I did not -- I do not recall 4 whether or not any of those days had a 5 statistically significant price increase. 6 But I wouldn't -- given the allegation in 7 this particular case, I wouldn't 8 necessarily expect there to be any 9 increase because it relates to 10 information that was concealed throughout 11 the class period and then was disclosed 12 at the very end of the class period.</p> <p>13 Q. I take it in your analysis 14 inflation during the class period is 15 flat, except for one step up, correct?</p> <p>16 A. Yes. So the primary analysis 17 that I performed in this particular case, 18 was to quantify the inflation based on 19 the price decline when the alleged truth 20 was disclosed at the end of the class 21 period.</p> <p>22 So in other words, very often 23 the best estimate of the impact of 24 disclosing the alleged truth is to see 25 what actually occurred when the alleged</p>	<p>Page 71</p> <p>1 ownership was at the time of the 2 disclosure. And the more the company 3 would own of Shenandoah, the more the 4 impact would be.</p> <p>5 So the question then became, 6 well, what happened during the early 7 period of the class period when they own 8 30 percent and not 33 percent, shouldn't 9 they -- wouldn't the inflation be less 10 than. So I made an adjustment to account 11 for that.</p> <p>12 Q. And isn't that because the 13 inflation is premised on expected future 14 cash flows?</p> <p>15 A. Well, the investors make their 16 own determination that is then reflected 17 in the price decline. And, yes, that 18 would be, I mean, the value of the stock 19 is based on the present value of the 20 future cash flows. So if you own 30 21 percent versus 33 percent, there would be 22 some difference there. So the question 23 is do you make an adjustment or do you 24 not make an adjustment. And my view was 25 more conservative to make an adjustment.</p>

19 (Pages 70 - 73)

1 And that's what I did.  
 2 Q. When you say the future cash  
 3 flows and you refer to 30 percent, I take  
 4 it you mean the future cash flows that  
 5 would be attributable to a 30 percent  
 6 ownership stake of Shenandoah, right?  
 7 A. Well, there are many factors  
 8 that, I mean they were the operator.  
 9 There may be different ways of looking at  
 10 it. But I think that in this particular  
 11 case, that's the numbers that I had, and  
 12 so I make the adjustment based on the  
 13 numbers that I had. And that is the  
 14 ownership interest that they had. So  
 15 that's why I made the adjustment.  
 16 Q. Is it fair to say that the  
 17 ownership goes from 30 percent to 33  
 18 percent, so -- well, let's take it in  
 19 pieces, the ownership goes from 30  
 20 percent to 33 percent, right, at some  
 21 point in time?  
 22 A. Yes, in the -- yes.  
 23 Q. So what you do is you calculate  
 24 inflation at a point in time when the  
 25 ownership is 33 percent, correct?

1 A. Correct.  
 2 Q. Then you reduce inflation to  
 3 account for the fact that an earlier  
 4 point in time the ownership interest is  
 5 only 30 percent, right?  
 6 A. Correct. What I want to do is  
 7 to account for the fact that the  
 8 ownership is less in the early part of  
 9 the class period. The only numbers I  
 10 have to work with is the ownership  
 11 interest. So that's what I did to make  
 12 that adjustment.  
 13 Q. Okay. Can you go back to your  
 14 report, please, paragraph --  
 15 MS. JENSEN: Dan, which report?  
 16 MR. SLIFKIN: I am sorry,  
 17 Exhibit 503, the principal report of  
 18 this date.  
 19 MS. JENSEN: Got it.  
 20 Q. Mr. Steinholt, can you go back  
 21 to Exhibit 503?  
 22 A. Correct, I have that in front  
 23 of me.  
 24 Q. I just can't see what's in  
 25 front of you; so, yes. So can you look

Page 74

1 at paragraph 28.  
 2 A. Yes, I am here.  
 3 Q. Okay. So you see in paragraph  
 4 28, there is an (a) through (j) of  
 5 various, what you describe as material  
 6 facts necessary not to make their  
 7 statements misleading; do you see that?  
 8 A. Yes, I do.  
 9 Q. And have you done any  
 10 independent analysis of each of these (a)  
 11 through (j) to determine their  
 12 materiality?  
 13 A. No, I have not made any  
 14 determination of each of these  
 15 statements. I think the important one to  
 16 me was the last statement, which is  
 17 statement (j) which reads "Shen was more  
 18 likely than not uncommercial after the  
 19 result of Shen-3 and certainly not  
 20 commercially viable after Shen-4."  
 21 Q. I see. So if we take "the  
 22 asphaltene deposition properties," can  
 23 you tell me what that means?  
 24 A. It has to do with a  
 25 compartmentalization of the liquids,

Page 76

Page 75

1 that's my understanding. But I haven't  
 2 really looked into these particular  
 3 issues and looked into the  
 4 materialization of these particular --  
 5 into the materiality of these particular  
 6 issues.  
 7 To me the issue is is this  
 8 commercially viable or not. That's what  
 9 you're trying to determine. So that's,  
 10 that was kind of my focus. And a lot of  
 11 these issues become too technical for me.  
 12 Q. Because you said earlier on, I  
 13 think, that part of your opinion has to  
 14 do with materiality, right, from an  
 15 economic perspective?  
 16 A. Yes, yeah. In terms of the  
 17 individual issues here, that is not, I am  
 18 not opining on materiality of each  
 19 particular issue.  
 20 Looking at materiality in the  
 21 context of the corrective disclosure,  
 22 which I found to be statistically,  
 23 resulting in a price decline that was  
 24 statistically significant. The 1  
 25 percent, that's certainly material.

Page 77

20 (Pages 74 - 77)

1 And so I had a discussion about  
 2 materiality, the way that I look at it,  
 3 whether or not, you know, the information  
 4 impacts the present value of the future  
 5 cash flows, that is information that is  
 6 typically considered to be material to  
 7 investors, and so on.

8 So I do touch upon materiality.  
 9 But if you are asking me what was the  
 10 materiality of one particular item here  
 11 in this list in paragraph 28, I have not  
 12 performed that analysis and it's nowhere  
 13 in my report.

14 Q. Right. So again, I don't want  
 15 to belabor this too much. Let's look at  
 16 (d), it says "Pressure data from Shen-3."

17 I take you haven't analyzed the  
 18 materiality of pressure data from Shen-3?

19 A. No, I have not --

20 Q. Right.

21 A. -- that is what you would find  
 22 in the other expert reports.

23 Q. Right. And again (e), you  
 24 haven't analyzed -- let me make it  
 25 easier.

Page 78

1 offering an opinion, specifically, about  
 2 the materiality of information regarding  
 3 fault compartmentalization?

4 A. Yes. In terms of, if you have  
 5 oil deposits that are in different  
 6 compartments, and you need more oil rigs,  
 7 I can talk about, you know, the fact that  
 8 the cost is going to increase and that is  
 9 material from an economic point of view.  
 10 But in terms of, you know, analyzing the  
 11 fault lines of the Shenandoah and  
 12 determining, well, this is a lot, this is  
 13 a little. You know, that's why you have  
 14 these other experts. That's not what I  
 15 do. I look at the numbers. I analyze  
 16 the economics.

17 Q. And did you analyze the  
 18 potential future costs of how many oil  
 19 rigs would be necessary for Shenandoah  
 20 given its geological structure?

21 A. No. That's why it's not in my  
 22 report.

23 Q. Now, I take it your  
 24 understanding is that the -- well,  
 25 withdrawn.

Page 80

1 (e), what is asphaltene?

2 A. It has to do with the  
 3 properties of the oil. And beyond that,  
 4 I can't really go into detail.

5 Q. Okay.

6 A. Or I certainly am not going to,  
 7 you know, glean my understanding of it  
 8 here at this deposition. Because it's --  
 9 I read the report. I read what they had  
 10 been discussing. And it's not something  
 11 that, you know, I am here to testify on.

12 Q. Well, similarly, if I just go  
 13 up, in (c), it talks about sand thickness  
 14 variability. I take it you're not  
 15 opining specifically about the  
 16 materiality of sand thickness  
 17 variability?

18 A. No. I have no opinion here. I  
 19 don't discuss either of those two issues  
 20 in my report.

21 Q. And again, right above that,  
 22 there is a reference to fault  
 23 compartmentalization. Do you see that?

24 A. Yes.

25 Q. And I take it you're not

Page 79

Page 81

1 I take it your opinion is that  
 2 the corrective disclosure in this matter  
 3 was made after the close of the stock  
 4 market on May 2nd, 2017?

5 A. The alleged truth, by  
 6 definition, because it's the plaintiffs  
 7 who define what it is, occurred, you  
 8 know, it occurred after the market closed  
 9 on May 2nd and also includes the  
 10 conference call in the morning and the  
 11 next day. I don't really view that as --  
 12 I mean, that is the alleged truth in this  
 13 case.

14 Q. To be clear, you're not opining  
 15 on that, that is just what you're taking  
 16 from plaintiffs?

17 MS. JENSEN: Objection. Vague.

18 A. I read the complaint. And I  
 19 look at their allegations. And I look at  
 20 when that was disclosed. And that's I  
 21 just discussed.

22 Q. Okay. So maybe you can just  
 23 turn in your report, Exhibit 503, again,  
 24 to Exhibit B, and page 3. Actually.  
 25 Let's start at the top of page 2. Are

21 (Pages 78 - 81)

1 you with me, of Exhibit B?  
 2 A. Exhibit B, page 2.  
 3 Q. You see the very top line is,  
 4 under it says Exhibit B, "Information  
 5 Relied Upon." And then it says  
 6 "ConocoPhillips Form 8-K filed with the  
 7 SEC on May 2nd, 2017."  
 8 A. Yes, I do.  
 9 Q. And if you look at the top of  
 10 page 3, the first substantive entry is  
 11 "May 2nd, 2017, ConocoPhillips Press  
 12 Release, ConocoPhillips Reports  
 13 First-Quarter 2017 Results."  
 14 Do you see that?  
 15 A. Yes.  
 16 Q. Are the press release and the  
 17 8-K the same or different?  
 18 A. Well, I think that actually  
 19 this is the same. I think that probably,  
 20 that should refer to the 10-Q that the  
 21 company filed. But they had both an 8-K  
 22 -- actually, they didn't have a Q. I  
 23 think it's the same. I think it's the  
 24 same thing. I don't think that they  
 25 filed a Q on May 2nd. So that would be

Page 82

1 that talks about dry hole expense of 101  
 2 million dollars and that dry hole expense  
 3 would include Shen-6.  
 4 Q. And do you know if there was  
 5 any price reaction in the ConocoPhillips  
 6 stock to that news during the trading day  
 7 on May 2nd, 2017?  
 8 A. There was certainly not a  
 9 statistically significant price impact.  
 10 Obviously, this was an earnings  
 11 announcement. So there is a lot of  
 12 information. We are talking about one  
 13 sentence in a press release that included  
 14 the company's performance during the  
 15 first quarter. So the totality of all  
 16 the information that was disclosed by  
 17 ConocoPhillips did not, did not result in  
 18 a statistically significant price  
 19 movement on that day.  
 20 Q. Would you agree that the  
 21 information was available to the market  
 22 as of the beginning of the trading day on  
 23 May 2nd, 2017 that Shen-6 was a dry hole?  
 24 A. You know, it may, that may be  
 25 true. I think it's true. But, you know,

Page 84

1 the same thing, yes. Probably. As I sit  
 2 here right now. I might have put it both  
 3 places. You know, I have a press  
 4 release. That press release also was  
 5 included in the SEC filing.  
 6 Q. And do you know when during the  
 7 day the press release was issued?  
 8 A. That press release was issued  
 9 in the morning, so that was prior to the  
 10 close.  
 11 Q. Was it prior to the open of the  
 12 markets?  
 13 A. I think it was. But as I sit  
 14 here right now, I don't know.  
 15 Q. Is it fair to say that that  
 16 information in that press release was  
 17 available to the market at some point  
 18 during the trading day?  
 19 A. Yes, at the very beginning.  
 20 Yeah, it was early in the morning.  
 21 Q. Do you recall if there is any  
 22 reference to Shen-6 in that Conoco press  
 23 release?  
 24 A. Yes. I think I discuss that in  
 25 one of my reports. There is one line

Page 83

1 it's a factual issue. It's just a matter  
 2 of double-checking, you know, when the  
 3 information came out.  
 4 Q. And that is just to check  
 5 exactly when this press release was  
 6 issued?  
 7 A. Yes, exactly.  
 8 Q. Okay. Was there any  
 9 statistically significant price movement  
 10 of Cobalt stock during the trading day on  
 11 May 2nd, 2017?  
 12 A. No, I don't believe so.  
 13 Q. Was there any statistically  
 14 significant movement, price movement of  
 15 Anadarko stock during the trading day on  
 16 May 2nd, 2017?  
 17 A. I do not believe so, no.  
 18 Q. Okay. On May 3rd, I take it,  
 19 there was a statistically significant  
 20 movement in Anadarko price stock -- stock  
 21 price. Sorry, let me start that again.  
 22 On May 3rd, I take it, there  
 23 was statistically significant movement in  
 24 the Anadarko stock price, correct?  
 25 A. That is correct, yes.

Page 85

22 (Pages 82 - 85)

<p>1 Q. Okay. Was there a 2 statistically significant movement in 3 Conoco, in Conoco's stock price on May 4 3rd, 2017?</p> <p>5 A. No. There was a statistically 6 significant price decline in Anadarko's 7 stock and in Cobalt stock.</p> <p>8 Q. Okay. But not in Conoco stock?</p> <p>9 A. That is correct.</p> <p>10 MS. JENSEN: Asked and answered.</p> <p>11 Q. And at that point in time, what 12 was Conoco's percentage ownership of 13 Shen?</p> <p>14 A. It was 30 percent.</p> <p>15 Q. And I take it the Anadarko 16 ownership was 33 percent, correct?</p> <p>17 A. Anadarko's ownership was 33 18 percent, correct.</p> <p>19 Q. And Cobalt's was 20 percent; is 20 that right?</p> <p>21 A. I believe that's correct, yes.</p> <p>22 Q. Do you recall what the market 23 cap of Cobalt was on May 3rd, 2017?</p> <p>24 A. I can look it up in one of my 25 reports. I think I discussed that. It</p>	<p>Page 86</p> <p>1 certification analysis. It was the peer 2 group I used to determine and analyze 3 market efficiency.</p> <p>4 Q. Did you use that peer group on 5 your, in your more recent analysis with 6 respect to causation and damages?</p> <p>7 A. I analyzed the May 3rd price 8 decline using the E&amp;P Peer Group, but for 9 the purposes of quantifying the impact of 10 the corrected disclosure or the alleged 11 truth on Anadarko's stock price, I used a 12 different peer group, because I wanted to 13 make sure that I controlled for a 14 particular issue relating to the Colorado 15 regulatory environment that would only 16 impact operators in Colorado. So I used 17 a different peer group that resulted in a 18 much smaller impact, residual return or 19 company-specific return on March -- I am 20 sorry, on May 3rd, 2017. In other words, 21 the inflation is much lower using that 22 what I call Colorado Peer Group as 23 opposed to the E&amp;P Peer Group.</p> <p>24 Q. The E&amp;P Peer Group was 25 something that Anadarko itself had</p>
<p>1 was less than 200 million.</p> <p>2 Q. And what was Anadarko's market 3 cap, if you recall?</p> <p>4 A. The Anadarko market 5 capitalization was 31-and-a-half billion.</p> <p>6 Q. And do you recall what 7 ConocoPhillip's market cap was on May 8 3rd, 2017, or thereabouts?</p> <p>9 A. They had a 57 billion market 10 capitalization.</p> <p>11 Q. Now, in your report you have 12 something called the E&amp;P Peer Group; do 13 you recall that?</p> <p>14 A. Yes, I recall an E&amp;P Peer 15 Group, yes.</p> <p>16 Q. Okay. And explain to us what 17 that is.</p> <p>18 A. It was a group of companies 19 that was identified by Anadarko as their 20 peers. In other words, similar companies 21 for the purposes of measuring its stock 22 price.</p> <p>23 Q. Did you use that peer group in 24 your analysis?</p> <p>25 A. It was -- I used it in my class</p>	<p>Page 87</p> <p>1 described in its SEC filings prior to 2 this litigation, correct?</p> <p>3 A. That's correct. Every company 4 has to provide a performance graph of 5 their stock price versus that of the 6 market and the industry. And in doing so 7 Anadarko came up with a peer group, which 8 were really large companies similar to 9 Anadarko that then they used to compare 10 their own stock price.</p> <p>11 Q. And was ConocoPhillips in that 12 E&amp;P Peer Group?</p> <p>13 A. Yes, it was.</p> <p>14 Q. And was Cobalt in that E&amp;P Peer 15 Group?</p> <p>16 A. No, it was not.</p> <p>17 Q. And you used that E&amp;P Peer 18 Group in your initial report with respect 19 to class certification; is that right?</p> <p>20 A. I used it in order to analyze 21 market efficiency, yes.</p> <p>22 Q. Okay. So I am looking still at 23 Exhibit 503, which is your report with 24 respect to causation and damages. And I 25 am looking at paragraph 44. I just want</p>

23 (Pages 86 - 89)

1 to make sure I got this straight.  
 2 A. Yes.  
 3 Q. Are you with me at paragraph  
 4 44?  
 5 A. I am at page 22, paragraph 44,  
 6 yes.  
 7 Q. In the carryover sentence you  
 8 wrote "I found that using the S&P 500  
 9 Index in combination with the Colorado  
 10 Peer Group Index explained more than 75  
 11 percent of the price movements in  
 12 Anadarko's stock price. While using the  
 13 S&P 500 Index in combination with the E&P  
 14 Peer Group Index explained approximately  
 15 73 percent."  
 16 Right; is that right?  
 17 A. Yes, that's correct.  
 18 Q. And so explain to me what you  
 19 mean by like "explained approximately  
 20 percentage of price movement" like in  
 21 layperson's language?  
 22 A. It relates to what's called the  
 23 variance. The variance is as the stock  
 24 price goes up and down and up and down.  
 25 And let's, for argument's sake, say that

Page 90

1 brief -- sorry, let me start again.  
 2 In your opening class  
 3 certification report, Exhibit 10, you use  
 4 the S&P 500 and the E&P Peer Group; is  
 5 that right?  
 6 A. Correct. In order to look at  
 7 company-specific price movements and  
 8 reaction to company-specific price  
 9 movements to see, to analyze better  
 10 whether the market was efficient or not.  
 11 Q. And then in your rebuttal  
 12 report on the class cert, Exhibit 504,  
 13 you used something you call, I believe, a  
 14 Colorado Peer Group; is that correct?  
 15 A. I believe I did something  
 16 similar to that as well. If you want me  
 17 to take a look at it.  
 18 Q. Yes, if you look at Exhibit  
 19 504, at page 28, footnote 103.  
 20 A. Yes.  
 21 Q. So then in your rebuttal report  
 22 on class cert, you use the Colorado Peer  
 23 Group, that's Noble Energy, PDC Energy  
 24 and SRC Energy; is that correct?  
 25 A. That's correct, yes.

Page 92

1 it goes up 1 percent and down 1 percent  
 2 and up 1 percent and down 1 percent. You  
 3 would, by using this index, actually,  
 4 both the market and the industry index,  
 5 you could reduce the variation, plus,  
 6 minus 1 percent -- you could reduce it by  
 7 73 percent, because it's explained by the  
 8 market and the industry index.  
 9 So now you only have the  
 10 company specific portion left. Which if  
 11 the, if the regression explains 73  
 12 percent, that means that there is 27  
 13 percent unexplained by the regression.  
 14 And that is what we call the  
 15 company-specific price movements.  
 16 So in my example, which is a  
 17 very simplistic example, the stock price  
 18 increases by 1 percent, decreases by 1  
 19 percent. And after you control for the  
 20 market and the industry, what would be  
 21 remaining and what would be unexplained  
 22 would be the company specific portion,  
 23 which would be an increase of 0.27  
 24 percent, a decrease of 0.27 percent.  
 25 Q. So in your opening class cert

Page 91

1 Q. And how did you pick those  
 2 companies?  
 3 A. Well, I looked at the analyst  
 4 -- well, a couple of reasons. They were  
 5 the -- I was addressing a particular  
 6 issue raised by defendants' expert. And  
 7 he had selected those four companies as  
 8 evidence that the E&P Peer Group that I  
 9 used did not control for a very  
 10 particular issue, and that had to do with  
 11 the regulatory environment in Colorado  
 12 following an explosion, this is referred  
 13 to as the Firestone explosion. And he  
 14 provided evidence that demonstrated that  
 15 this regulatory issue explained a  
 16 portion -- although he may have claimed  
 17 that it explained all of it -- the  
 18 evidence would indicate that this  
 19 particular issue would explain a portion  
 20 of Anadarko's price decline on May 3rd of  
 21 2017.  
 22 Q. Okay. So I think you just said  
 23 four companies, but I only listed three  
 24 companies. Noble, P --  
 25 A. Well, in fact, I did four

Page 93

24 (Pages 90 - 93)

Page 94	Page 96
<p>1 different regressions. I had two at four      2 companies and two at three companies.      3 And the one I discussed right here only      4 used the three companies because I wanted      5 to keep it consistent in terms of the      6 control period with the work that I had      7 already done. So I felt kind of      8 constrained on that particular issue.</p> <p>9 In my report, my expert report,      10 I included all four. It's the more      11 conservative approach, because it      12 includes extraction of oil and gas as      13 well. So the Colorado Peer Group that I      14 have in the expert report actually comes      15 in with a lower inflation because I used      16 all four companies.</p> <p>17 It doesn't really matter in      18 terms of the statistical significance,      19 which is what I addressed in my rebuttal      20 report. Although I did four different      21 analyses to demonstrate, it doesn't      22 matter. When it comes to the      23 quantification of inflation, it does      24 matter. Because, you know, one comes up      25 with a higher inflation than the other.</p>	<p>1 securities files, right?      2 A. Correct.      3 MS. JENSEN: Objection.      4 Q. And in Exhibit 504, looking at      5 footnote 103, which is your class cert      6 rebuttal report, you used a three-member      7 Colorado Peer Group excluding extraction      8 O&amp;G, right?      9 A. No, I looked at both.      10 Q. But in footnote 103 it says      11 "The Colorado Peer Group included the      12 following three of the four companies,      13 extraction O&amp;G was not included."      14 I read that correctly; did I      15 not?      16 A. Well, you didn't read the      17 entire footnote. The last sentence is      18 "Including extraction O&amp;G for a shorter      19 control period would not have changed the      20 determination of statistical      21 significance."      22 So I kept the control period      23 the same, which was one year. It doesn't      24 matter whether or not I -- I kept it to      25 be consistent with my first report,</p>
<p>1 And I picked the most conservative one,      2 which was to include all four companies.      3 Q. Okay. So let me just -- when      4 you say your report, I think you shifted      5 to talk about Exhibit 503, which is your      6 causation and damages report?</p> <p>7 A. Yes, I thought that your      8 question is why is there four companies      9 in that, in my, in Exhibit 503, and in      10 this particular footnote 103 there are      11 three companies. And so that is why I      12 kind of explained why. And in fact that      13 in the rebuttal report, I actually did      14 run it with four companies as well,      15 because I was looking at statistical      16 significance and only statistical      17 significance, not the magnitude. It      18 didn't make a difference. In Exhibit 503      19 it does make a difference. And I chose      20 the most conservative approach which has      21 the lower inflation and consequently the      22 lower damages.</p> <p>23 Q. Just to be clear, in Exhibit      24 20, your class cert report, you used the      25 E&amp;P group which was out of Anadarko's</p>	<p>1 that's what I was explaining earlier.      2 But that doesn't mean that I ignored the      3 fourth company. I also did it with the      4 fourth company and it had no impact on      5 statistical significance, which is what I      6 was analyzing in that particular report.      7 Now, with respect to Exhibit      8 503, now we have the quantification of      9 the impact, in other words, the dollars      10 and cents. So now you have to make a      11 determination.      12 And so, as I stated earlier, I      13 decided on a conservative report, which      14 is a shorter control period, including      15 because that's all I have available when      16 I include O&amp;G.      17 So I have a shorter control      18 period, which is not my preferred way of      19 doing it. But the benefit of it is that      20 I also include O&amp;G. The result of it is      21 that inflation, my quantification of the      22 inflation, is slightly less than it would      23 have been had I only used the three      24 companies.      25 Q. Okay. And so as we covered</p>
Page 95	Page 97

25 (Pages 94 - 97)

1 then in paragraph 44 of your causation  
 2 and damages report, Exhibit 503, if  
 3 instead of using S&P 500 and the E&P Peer  
 4 Group, you used the S&P 500 and the  
 5 four-member Colorado Group, you go from  
 6 73 percent to 75 percent; is that  
 7 right?

8 A. Correct. That has to do with,  
 9 you know, how much is explained by the  
 10 regression during the control period,  
 11 yes.

12 Q. Now, in footnote 56 on page 23  
 13 of Exhibit 503, you say you could have  
 14 done a three-factor regression including  
 15 the S&P 500, the E&P Peer Group, and the  
 16 Colorado Peer Group and that would have  
 17 had a, what you call "The best fit, 81  
 18 percent." Do you see that?

19 A. Correct, yes.

20 Q. Can you explain to us what you  
 21 mean by best fit?

22 A. It would provide a predicted  
 23 return during the control period that  
 24 fits the actual return the best.

25 Q. And that 81, is that the same

Page 98

1 explain the changes in Anadarko's stock  
 2 price. And that works well during the  
 3 control period. It reduces -- it  
 4 explains the most, out of the models, out  
 5 of Anadarko's stock price, during the  
 6 control period. But we have a unique  
 7 situation in this particular case in that  
 8 we have this Colorado issue. And what I  
 9 wanted to do was to make sure that I  
 10 controlled for the Colorado issue.

11 Consequently, I chose the  
 12 regression that best explained the May  
 13 3rd price decline the most which resulted  
 14 in the lowest inflation and also the  
 15 lowest damages. But that was the basis  
 16 for choosing the Colorado Peer Group.

17 Q. And if you had done the  
 18 three-factor regression, what would the  
 19 inflation have been, or did you not do  
 20 that analysis?

21 A. Well, I did the calculations.  
 22 I don't remember what that would be. I  
 23 don't think I referenced it anywhere.  
 24 But it certainly would be larger than the  
 25 \$1.92 inflation that I use.

Page 100

1 kind of analysis as the 73, 75, 81?  
 2 A. Correct. Relates to the  
 3 variance, yes. It would explain more  
 4 during the control period. My point is,  
 5 it wouldn't explain more in terms of the  
 6 price decline on May 3rd. And in this  
 7 case, I opted for the peer group that  
 8 explained more of the price decline on  
 9 May 3rd. In other words, the Firestone  
 10 issue, the Colorado regulatory  
 11 environment factor.

12 Q. So explain to us what the  
 13 difference is between the one you used,  
 14 the 75 percent model, and the 81 percent  
 15 model. What would the difference have  
 16 been for May 3rd?

17 A. The 81 percent model, what  
 18 you're calling an 81 percent model, is  
 19 what's called a three-factor model. So  
 20 in other words, it would include the S&P  
 21 500. It would include the E&P Peer  
 22 Group. And then it would include the  
 23 Colorado Peer Group.

24 So you would have three factors  
 25 as inputs to the regression to try to

Page 99

Page 101

1 Q. If you look at the carryover on  
 2 paragraph 45 on your report, which is on  
 3 page 23 and carries over onto page 24.  
 4 And again, that's Exhibit 503; if you  
 5 look at that.

6 A. Yes.

7 Q. And you refer to -- this is the  
 8 sentence that carries over to page 24,  
 9 you refer to "A decline of \$1.92 per  
 10 share." Do you see that?

11 A. Correct, yes.

12 Q. "Or reduction of Anadarko's  
 13 market capitalization by 1 billion 75  
 14 million dollars."

15 Do you see that?

16 A. Correct, yes.

17 Q. So is market capitalization  
 18 reduction a surrogate for damages?

19 A. I don't know if there was a  
 20 special meaning of surrogate, but, no,  
 21 it's not the same as damages, no.

22 Q. Because not every share that is  
 23 counted for market capitalization is  
 24 purchased during the class period and,  
 25 therefore, aren't eligible for damages, I

26 (Pages 98 - 101)

<p>1 take it?</p> <p>2 MS. JENSEN: Objection to form.</p> <p>3 A. Yes. I mean that's one reason.</p> <p>4 Another reason is that inflation is not</p> <p>5 the \$1.92 during the entire class period.</p> <p>6 Q. And so you refer to this market</p> <p>7 capitalization reduction, but that's not</p> <p>8 a damages number that you're putting out,</p> <p>9 I take it?</p> <p>10 A. That's correct. I mean it</p> <p>11 would be less than 1 billion 75 million.</p> <p>12 Aggregate damages in this particular case</p> <p>13 would be less than that number.</p> <p>14 Q. Have you done a calculation of</p> <p>15 what aggregate damages in this matter</p> <p>16 would be?</p> <p>17 MS. JENSEN: Objection to the</p> <p>18 extent that it's beyond scope.</p> <p>19 A. I don't recall as I sit here</p> <p>20 right now. I may have.</p> <p>21 Q. Okay. Do you have any</p> <p>22 understanding as to what maximum</p> <p>23 aggregate damages might be?</p> <p>24 MS. JENSEN: Same objection.</p> <p>25 A. What maximum aggregate damages</p>	<p>Page 102</p> <p>1 p.m., and we are back on the record.</p> <p>2 This will be the start of media unit</p> <p>3 number 3.</p> <p>4 BY MR. SLIFKIN:</p> <p>5 Q. Okay, Mr. Steinholt, let's go</p> <p>6 back to your causation and damages</p> <p>7 report, Exhibit 503. Are you with me?</p> <p>8 A. Yes.</p> <p>9 Q. And let's zip on forward to</p> <p>10 paragraph 49.</p> <p>11 A. Yes, I am here.</p> <p>12 Q. So in your first sentence you</p> <p>13 talk about the value of an investment</p> <p>14 being based on the expected future cash</p> <p>15 flows including the timing and associated</p> <p>16 risk of such cash flows. Do you see</p> <p>17 that? And I think we've spoken about</p> <p>18 that already.</p> <p>19 A. Yes.</p> <p>20 Q. And explain to me what you mean</p> <p>21 by cash flows?</p> <p>22 A. It's the actual cash that goes</p> <p>23 to the -- technically, it's the actual</p> <p>24 cash that goes to the investor. But</p> <p>25 generally what we use is, we look at the</p>
<p>Page 103</p> <p>1 could be. Well, I think that maximum</p> <p>2 aggregate damages recently would be that</p> <p>3 1 billion and 75 million. But I mean</p> <p>4 there is -- I don't want to get into too</p> <p>5 much complexity in terms of how things</p> <p>6 work. But I think that, I am fairly</p> <p>7 certain that actual damages, if every one</p> <p>8 showed up to claim, would be less than 1</p> <p>9 billion and 75 million. I mean without</p> <p>10 getting into the complexity. I think</p> <p>11 it's a reasonable number to say that it's</p> <p>12 not going to be more than that number.</p> <p>13 And, of course, this is before</p> <p>14 prejudgment interest and all of that</p> <p>15 stuff.</p> <p>16 MR. SLIFKIN: Why don't we take</p> <p>17 a break because I would like to use</p> <p>18 the restroom, if that's okay with</p> <p>19 everybody?</p> <p>20 THE VIDEOGRAPHER: The time is</p> <p>21 11:59, and we are going off the</p> <p>22 record. This will end media unit</p> <p>23 number 2.</p> <p>24 [Off the record.]</p> <p>25 THE VIDEOGRAPHER: Time is 12:13</p>	<p>Page 105</p> <p>1 earnings as a proxy for cash flows very</p> <p>2 often. So it is basically the, we value</p> <p>3 a company by looking at the earnings that</p> <p>4 that company is generating and the</p> <p>5 present value of those earnings back to</p> <p>6 today, in order to come up with the value</p> <p>7 of the company.</p> <p>8 Q. Okay. And so, again, when you</p> <p>9 say earnings, you mean very roughly</p> <p>10 revenues minus costs?</p> <p>11 A. Yes. I think it's easier just</p> <p>12 to look at it very simplistic. And I</p> <p>13 think that's a good way of looking at it.</p> <p>14 You have X amount of revenues and it cost</p> <p>15 you Y. So the cash flows or earnings is</p> <p>16 the difference between the two.</p> <p>17 Q. So have you actually formed an</p> <p>18 opinion as to what the value in dollar</p> <p>19 terms was of the Shenandoah project at</p> <p>20 the start of the class period?</p> <p>21 A. No, I have not performed a</p> <p>22 valuation of the Shenandoah. What I had</p> <p>23 done is to analyze the price impact of</p> <p>24 the corrective disclosure, the disclosure</p> <p>25 of the alleged truth.</p>

1 Q. Okay. Did you perform a  
2 valuation of Shenandoah after the  
3 corrected disclosure?  
4 A. No, I have not performed a  
5 valuation of the Shenandoah after or  
6 before the corrective disclosure.  
7 Q. So to be clear, you didn't do  
8 it at the beginning of the class period.  
9 You didn't do at the end of the class  
10 period. I assume you didn't perform a  
11 valuation of Shenandoah at any point  
12 during the class period?  
13 A. Well, I mean I looked at the --  
14 no, I have not performed a valuation of  
15 the Shenandoah specifically during the  
16 class period. What I've looked at is the  
17 corrected disclosure, which is the  
18 suspension of appraisal activities as  
19 they are reassessing the resource and  
20 which relates to the economic viability  
21 of the Shenandoah. And I used that as  
22 the estimate of the inflation throughout  
23 the class period.  
24 Q. So if you look at the bottom of  
25 the text, right above the footnote, on

Page 106

1 Q. What did you mean by "If  
2 successfully sanctioned"?  
3 A. I think that that's exactly  
4 what the analyst stated. So that's  
5 probably where I got the actual  
6 terminology.  
7 But in my mind, that would mean  
8 if, in fact, this was a viable field that  
9 was sanctioned, in other words, what was  
10 developed was determined to be viable  
11 economically and developed, then this  
12 would add value to Anadarko's stock price  
13 potentially to the tune of \$5.  
14 Q. Okay. And then you refer to  
15 Capital One, do you see that, that's the  
16 next sentence in this footnote 70?  
17 A. Yes.  
18 Q. And to be clear, Capital One  
19 Securities. And who are Capital One  
20 Securities?  
21 A. That's another research firm  
22 that issues analyst reports throughout  
23 the class period.  
24 Q. And then you refer to potential  
25 value, do you see that, right at the top

Page 108

1 page 26, and onto page 27, you refer to a  
2 couple of analyst reports; do you see  
3 that?  
4 A. Yes, I looked at a couple of  
5 analyst reports to see what the potential  
6 value could be. What they believed the  
7 potential value could be.  
8 Q. So you looked at KLR, do you  
9 see that, KLR Group --  
10 A. Yes.  
11 Q. -- footnote 69?  
12 A. Yes.  
13 Q. Who is KLR Group?  
14 A. It's just an entity that issued  
15 analyst reports during the class period.  
16 Q. Okay. And you wrote "If  
17 successfully sanctioned, the value could  
18 be higher than one analyst estimating \$5  
19 per share." And that's your reference to  
20 KLR, right?  
21 A. Correct. That is the  
22 potential. It's not what the value was  
23 at that point in time. But that gives an  
24 indication of what it potentially could  
25 be worth.

Page 107

1 of paragraph -- sorry, page 27?  
2 A. Yes, page 27. And at the very  
3 top there, I refer to it as potential  
4 value. In other words, they are not  
5 saying that is the value, in fact. You  
6 know, they had a different take on how to  
7 interpret Shen-3, for instance. But  
8 potentially, that is what the value could  
9 be. I think it was based on a billion  
10 barrel of oil equivalents, if that was  
11 the size of the resource, and then  
12 multiply that by some factor based on how  
13 profitable you think that the resource  
14 will be in the future. And that's how  
15 you come up with the 3.6 billion or \$7  
16 per share.  
17 Q. And did you, in your review of  
18 analyst reports, did you come across any.  
19 That placed no value per share?  
20 A. No value? I don't think that  
21 -- typically when an analyst, what  
22 analysts will do is to come up with a  
23 target price. And certainly there were  
24 analysts that would say that, I think  
25 J.P. Morgan, if I recall correctly, would

Page 109

1 say something along the line because of  
 2 the risk involved in this particular  
 3 field, we are not going to include it in  
 4 our valuation. Which then would inform  
 5 the reader that while there is a  
 6 potential upside here, because it's not  
 7 included in the target price. But that  
 8 doesn't mean that it doesn't have -- just  
 9 because they don't value the potential  
 10 upside, it doesn't mean that the  
 11 potential upside doesn't have value.

12 So I am not sure if there were  
 13 anyone who actually said it had zero  
 14 value. That would be kind of strange,  
 15 because that would imply that the company  
 16 is, that would be a significant negative  
 17 for the company, given that they are  
 18 spending hundreds of millions of dollars  
 19 developing this or appraising this field.  
 20 So it would be a significant negative,  
 21 if, in fact, investors thought that the  
 22 potential value of this field was zero.

23 Q. But there were analysts, I  
 24 think you said, that did not include Shen  
 25 in their valuation?

1 A. Yes. Part of it has to do with  
 2 the valuation model. Do you only include  
 3 the provable fields? And, for example,  
 4 the most simplistic valuation model may  
 5 be the commonly used valuation model,  
 6 maybe the price earnings model, and you  
 7 look at both what the peers are trading  
 8 at. Maybe they are trading at 15 times  
 9 next year's earnings. And that's what  
 10 you use in your valuation. But that  
 11 doesn't mean that two years from now  
 12 their earnings are irrelevant. So it  
 13 depends on how detailed the valuation  
 14 model that, that you are using is. But  
 15 certainly, you can come up with a range  
 16 of values with respect to Shenandoah in  
 17 this particular case.

18 I was looking in the section  
 19 that you were referring to. I was kind  
 20 of looking at what the potential could  
 21 be. So that's what \$5 to \$7 would  
 22 represent. That's kind of high end. And  
 23 of course, if it's not sanctioned, then,  
 24 you know, it is zero.

25 Q. And during the class period,

1 there had never been a sanction of  
 2 Shenandoah; has there?  
 3 A. No. I mean that was what they  
 4 were appraising, right? When I say  
 5 sanctioned, I mean, you know, the final  
 6 investment decision, the FID, so that's  
 7 basically what you would look at. The  
 8 company making, making the decision to  
 9 develop the field and they did not make  
 10 that decision during the class period.

11 To the contrary, they suspended their  
 12 appraisal of the field on May 2nd, 2017.

13 Q. So a moment ago you used the  
 14 phrase "provable fields," what did you  
 15 mean by that?

16 A. Well, some analysts look at oil  
 17 fields and categorize them. Some are  
 18 provable. They are generating oil. They  
 19 have gone through the process. You have  
 20 probable fields. And then you have  
 21 possible fields. So those are different  
 22 categorizations of different fields.

23 So Shenandoah had not been  
 24 sanctioned. They had not made a decision  
 25 to develop it yet. So, you know, the

Page 111

Page 113

1 resource size and all of the appraisal  
 2 work that would be needed in order to  
 3 take that step had not been completed.

4 Q. So in that categorization of  
 5 provable, going through the process,  
 6 possible, where in your understanding did  
 7 Shenandoah fit?

8 MS. JENSEN: Objection to form.

9 A. I can only talk about what  
 10 their analysts reported. And the analyst  
 11 report that I had in mind put it in  
 12 probable.

13 Q. And the one you have in mind is  
 14 which one?

15 A. I don't recall off the top of  
 16 my head if that was, if that was UBS.  
 17 Yeah, there are just so many analyst  
 18 reports, that I can't really -- but it  
 19 certainly would be -- I think it was UBS,  
 20 but I can't be 100 percent certain.

21 Q. Okay. But these analysts, we  
 22 can go-see for ourselves what the  
 23 analysts said during the period, right?

24 A. Yes.

25 Q. And I this you said earlier

29 (Pages 110 - 113)

1 that there must be something like a  
 2 thousand analyst reports?  
 3 A. There is a lot.  
 4 Q. During the period? Yeah. And  
 5 you, I take it, looked at many of them?  
 6 A. I looked at a lot of them, yes.  
 7 Q. Okay. Can we just go back to  
 8 paragraph 49 of Exhibit 503. Just the  
 9 sentence -- so there is a sentence about  
 10 book value on page 26; do you see that?  
 11 A. What page are you on?  
 12 Q. 26.  
 13 A. Sorry. Okay.  
 14 Q. Right before the two sentences  
 15 I was asking you about, you say "While  
 16 book value is an accounting measure"; do  
 17 you see that?  
 18 A. Yes, exactly.  
 19 Q. Okay. Did you go look at the  
 20 book value of Shen on the books of  
 21 Conoco?  
 22 A. I looked at the book value in  
 23 2007 -- I think, January and March of  
 24 2017. And the one that I reference is  
 25 the one that was closest to the end of

Page 114

1 respective write-offs.  
 2 Q. Did you look at the book value  
 3 of Shenandoah for Marathon?  
 4 A. No, I did not. I don't know if  
 5 that would have been publicly available.  
 6 I do know that the, both for Conoco and  
 7 for Cobalt, that write-offs would be a  
 8 reflection of what they had Shenandoah on  
 9 the books at.  
 10 So I don't think that that  
 11 would be -- that is something that I may  
 12 even have referenced in one of my  
 13 reports, but I didn't go to internal  
 14 documents of those two companies to look  
 15 at book value, other than what was  
 16 publicly disclosed toward the end of the  
 17 class period.  
 18 Q. Okay. So why don't we now --  
 19 let me ask you a couple of questions  
 20 about Exhibit 504, which is your rebuttal  
 21 report.  
 22 A. Yes.  
 23 Q. Okay. And I am going to refer  
 24 you to paragraph 27 on pages 16 and 17.  
 25 Are you with me?

Page 116

1 the class period. I think it says here  
 2 footnote 67, actually, I don't see it  
 3 here, but I thought it was the book value  
 4 as of May 31st, 2017.  
 5 Q. So I am a little bit confused.  
 6 In your answer you said 2007. And then  
 7 you said 2017. So what year are we  
 8 talking about?  
 9 A. 2017. I misspoke when I said  
 10 2007.  
 11 Q. Okay. And if you look at  
 12 footnote 67, you refer to Shenandoah book  
 13 value as of March 31st, March 31st, 2017;  
 14 do you see that?  
 15 A. Yes. Yes. That's what I was  
 16 looking for.  
 17 Q. Okay. And my question was  
 18 actually slightly different. It was did  
 19 you go and look at the book value of  
 20 Shenandoah on the books of Conoco?  
 21 A. No, I do not.  
 22 Q. And did you go and look at the  
 23 book value of Shenandoah for Cobalt?  
 24 A. No, I did not. But both of  
 25 those would have been reflected in their

Page 115

1 A. Yes.  
 2 Q. Okay. The sentence in the  
 3 bottom of page 16 on the text, you write  
 4 "Anadarko on the other hand was very  
 5 involved in deep water exploration and,  
 6 as one analyst stated, the Shenandoah  
 7 write-off does take away from APC's  
 8 premium for exploration, which is gone,  
 9 and no longer in our price target."  
 10 And then you go on and talk  
 11 about "While ConocoPhillips' working  
 12 interest 30 percent was almost as high as  
 13 that of Anadarko," and then you refer to  
 14 something called "a control premium."  
 15 Do you see that?  
 16 A. Yes.  
 17 Q. Is it your testimony that there  
 18 was a control premium in the valuation --  
 19 withdrawn.  
 20 Is it your testimony that there  
 21 was a control premium given Anadarko's  
 22 relative involvement in the Shenandoah  
 23 that was reflected in the Anadarko stock  
 24 price?  
 25 A. My testimony is that being the

Page 117

30 (Pages 114 - 117)

<p>1 operator provides you with certain 2 control. That control has value. And so 3 that's what I pointed out here. 4 Q. Do you believe that's reflected 5 in -- that was reflected in the inflation 6 in the stock price? 7 A. It reflected in the inflation? 8 I, you know, I don't -- I am not quite 9 sure how you would -- if you want an 10 empirical test of that, all I can say is 11 that, you know, if you were to value the 12 Shenandoah, you would take into account 13 the fact the control that they would have 14 over decisions relating to the field. 15 That's how you would value it. 16 And do I believe it's reflected 17 in how investors valued it? Yes. But 18 it's not something that you can, you 19 know, necessarily empirically test. You 20 know. But theoretically, yes. I mean 21 there is a value to having control, of 22 course. 23 Q. So is that the same thing, is 24 it premium for exploration that you cite 25 in the prior sentence that I read to you?</p>	<p>Page 118</p> <p>1 from an analyst report; am I right? 2 A. Yes. That is an analyst that 3 talks about his, his interpretation of 4 the, or his evaluation of Anadarko having 5 a premium because of their perceived 6 success with respect to deep water 7 drilling. And then eliminating that 8 premium as a result of the Shenandoah 9 disclosure. 10 Q. And then that is Wolf Research. 11 And who is Wolf Research? 12 A. That's another research firm 13 that provided analyst reports during the 14 class period. 15 Q. Okay. And did you seek to 16 quantify that exploration premium? 17 A. No, the point of this 18 particular section is to demonstrate that 19 an investor or the value of Shenandoah 20 to, as perceived by investors, could be 21 very different with respect to 22 ConocoPhillips than with respect to 23 Anadarko, given the fact that Anadarko 24 was so involved in deep water drilling. 25 It was a big part of what the company was</p>
<p>1 A. No, that's a different issue. 2 You have two different companies, and 3 they are pursuing two different 4 strategies. 5 Anadarko is pursuing a 6 strategy, where deep water drilling is a 7 big part of, or an important part of what 8 they are trying to excel at. And 9 ConocoPhillips, on the other hand, does 10 not view or is effectively exiting that 11 space. They are getting out of deep 12 water drilling. 13 So the results that relate to 14 how successful Anadarko is related to 15 deep water drilling, would have a greater 16 impact on Anadarko's stock price than -- 17 particularly since they are the operator, 18 because this is a little bit of a 19 different issue -- than for 20 ConocoPhillips. Because for them this is 21 an investment that they are, you know, in 22 an area that they are effectively 23 leaving. 24 Q. And so this reference to a 25 premium for exploration, that's a quote</p>	<p>Page 119</p> <p>1 doing. And because they were the 2 operator, so they have a lot more 3 control. 4 Other things that I mentioned 5 here is, of course, the market 6 capitalization of the two companies were 7 different. ConocoPhillips was a much 8 larger company. 9 So these are things that one 10 would look at in addition to the fact 11 that, you know, they had a different 12 working interest in the Shenandoah. 13 These are things that one would 14 look at in order to determine what value 15 Shenandoah had to respective companies. 16 Q. All right. So on this control 17 premium point, you said as operator of 18 the project Anadarko had, what, a greater 19 say than the other participants; is that 20 fair? 21 A. Quite frankly it was Anadarko 22 who decided to stop the appraisal of 23 Shenandoah. It was not some of the other 24 owners. So they have a greater say. And 25 whenever you can make these decisions,</p>

31 (Pages 118 - 121)

1 that has value, because you can make  
 2 decisions that are in your best interest.  
 3 And maybe something that is in your best  
 4 interest is not necessarily in the best  
 5 interest of the other partners.

6 Q. Okay. So Anadarko was able to  
 7 decide not to pursue further exploration  
 8 in Shenandoah, right?

9 A. That was a decision that was  
 10 made by, made by Anadarko.

11 Q. And did all the partners in  
 12 Anadarko agree with that decision?

13 MS. JENSEN: Objection, to the  
 14 extent it calls for speculation.

15 Beyond the scope.

16 A. Well, all I can say is that  
 17 based on my reading of the reaction by  
 18 Cobalt, they were not overly happy.  
 19 Because during this period of time, they  
 20 were trying to sell their interest in  
 21 Shenandoah, so it certainly didn't help  
 22 them.

23 Q. Other than this decision to  
 24 terminate, what other valuable benefit  
 25 did Anadarko get from its control?

1 A. I am not sufficiently close to  
 2 the specifics and to the operation of the  
 3 Shenandoah oil field. They are the  
 4 operator. So certainly there are  
 5 decisions that they can control that is  
 6 within their purview. But it's not  
 7 something that I have spent a lot of time  
 8 investigating. But I did think it was  
 9 interesting that there was a --

10 Q. Well --

11 MS. JENSEN: Dan, I think he was  
 12 continuing to answer.

13 MR. SLIFKIN: I am sorry.

14 A. I did think it was interesting  
 15 that there clearly was a difference in  
 16 terms of this disclosure to suspend  
 17 Shenandoah, at least between Anadarko and  
 18 Cobalt.

19 Q. Okay. So other than the  
 20 decision to suspend, are you able as you  
 21 sit here today, to identify any other  
 22 aspects of this control?

23 MS. JENSEN: Asked and answered.

24 He's already given you an answer.

25 A. Without going in and

Page 122

1 investigating exactly how it was  
 2 operated, and so on, I cannot go into  
 3 more detail. But I think that whether or  
 4 not to suspend the appraisal is quite an  
 5 important decision.

6 Q. Let's go back to Exhibit 503.  
 7 So can you go to page 13, paragraph 30?

8 A. Yes.

9 Q. So in footnote 28, you talk  
 10 about or you say how "It's reasonable to  
 11 assume that new and material information  
 12 is incorporated into a stock price within  
 13 one day."

14 Do you see that?

15 A. Yes.

16 Q. By one day, do you mean one  
 17 trading day?

18 A. Yes, correct. And when I did  
 19 my analysis I looked at the changes in  
 20 the stock price from a daily basis from  
 21 closing price to closing price. And that  
 22 is the customary way of doing it.

23 Q. So if information is released,  
 24 say in the morning, before the stock  
 25 market opened, would you assume that

Page 124

Page 123

Page 125

1 information had been fully incorporated  
 2 into the price by the end of the trading  
 3 day?

4 MS. JENSEN: Objection, vague.

5 A. As I stated here in the  
 6 footnote, that that is a reasonable  
 7 assumption.

8 Q. So I mean to be clear, so the  
 9 New York Stock Exchange opens at 9:30  
 10 a.m. Eastern Time and closes at 4 p.m.  
 11 Eastern Time. Are you with me?

12 A. Yeah.

13 Q. Okay. So if information is  
 14 released at 10 a.m., would you expect the  
 15 information to be incorporated into the  
 16 price by 4 p.m. that day or would we have  
 17 a to wait until 10 a.m. the next day?

18 MS. JENSEN: Objection, form.

19 Objection, to the extent it calls for  
 20 speculation.

21 A. In an efficient market, what  
 22 would happen is that that information  
 23 would be reviewed and analyzed and  
 24 incorporated into the stock price  
 25 throughout the day. And typically, it

1 would be reflected, fully reflected in  
 2 the stock price by the end of the day.  
 3 There were situations where,  
 4 you know, you have information disclosed  
 5 and it takes time to analyze the  
 6 information, and maybe there is  
 7 additional information that is also  
 8 released later on. So you can have  
 9 complex disclosures that are not this  
 10 simple. I don't think that that really  
 11 applies in this particular case to the  
 12 information that was released.

13 I think doing it, doing the  
 14 analysis on a close by close, in other  
 15 words, close of trading in one day to the  
 16 close of trading on the next day, works  
 17 very well in this particular case.

18 Q. All right. So if information  
 19 is released after the close of the stock  
 20 market, so after 4 p.m. on any given  
 21 trading day, would you assume that that  
 22 information has become reflected in the  
 23 price at the open the next day, or would  
 24 you wait for the close the next day?

25 A. No, you would wait for the

Page 126

1 mean you have to think of it this way. I  
 2 mean, the big players, the ones with a  
 3 lot of money, and so on, typically trade  
 4 during the day.

5 And so what you want to do is  
 6 to have, have the information analyzed  
 7 and have the trading. And that also  
 8 would allow for, you know, analyst  
 9 commentary and thoughts, and so on, to be  
 10 a part of the public mix of information.

11 I can't think of -- as I sit  
 12 here right now, I can't think of a single  
 13 case where somebody would go from a  
 14 closing price to an open price. It could  
 15 be informative but, you know, it's not  
 16 what I would do.

17 In fact, in this case, you  
 18 know, we also have off-the-market trading  
 19 that kind of starts trending down  
 20 following that initial, the initial  
 21 announcement of the earnings, and still  
 22 went to the closing price the next day to  
 23 follow the standard way of doing it, and  
 24 to make sure that everything is  
 25 incorporated into the stock price.

Page 128

1 close. You would want to have a full day  
 2 of trading. Sometimes the open price is  
 3 like in an anomaly, typically, people  
 4 like to go by the closing price. That's  
 5 not to say you can't go by the open  
 6 price. People certainly have done that,  
 7 if that is the way that you want to do  
 8 it.

9 But typically, what you want to  
 10 do is to have a full day of trading and  
 11 then look at the closing price and use  
 12 the closing price to closing price. I  
 13 think that's the common way of doing it.  
 14 And that ensures that everything,  
 15 including analyst commentary, and so on,  
 16 as has been, has been out there. So I  
 17 would go by the close to close. I would  
 18 not go by the close to open.

19 Q. So if I were to suggest to you  
 20 that the better view is that information  
 21 released after the -- after the end of  
 22 the closing day is impounded in the price  
 23 the next morning, you would disagree, I  
 24 take it?

25 A. Yes. Because you have to -- I

Page 127

1 I think that's the much better.  
 2 Following the standard way of doing it,  
 3 is the best way of doing it.

4 MR. SLIFKIN: Okay. Would it be  
 5 okay to now -- I am mindful of the  
 6 fact that it is now 12:50 p.m. in  
 7 California, and 3:50 here on the East  
 8 Coast.

9 So is this an okay -- you said  
 10 let's do a short one and then take a  
 11 lunch. Would this be a good time to  
 12 take maybe a half an hour break or  
 13 whatever you prefer. I have some more  
 14 materials to cover, and I think if I  
 15 take a break I can make it shorter.

16 THE VIDEOGRAPHER: Time is  
 17 12:51, and we are going off the  
 18 record.

19 [Off the record.]  
 20 THE VIDEOGRAPHER: The time is  
 21 1:25 p.m., we are back on the record.  
 22 BY MR. SLIFKIN:  
 23 Q. I think you talked about the  
 24 aftermarket -- the price movement in the  
 25 aftermarket; do you recall that?

Page 129

1 A. Yes.  
 2 Q. I take it you analyzed the  
 3 market for Anadarko stock during the  
 4 class period and found it to be  
 5 efficient?  
 6 A. That's correct, yes.  
 7 Q. And that's on a close-to-close  
 8 basis?  
 9 A. And sufficient in context of  
 10 reliance using the standard Cammer and  
 11 Krogman factors that we used, yes.  
 12 Q. Did you separately analyze the  
 13 aftermarket to determine whether the  
 14 aftermarket was efficient?  
 15 A. Well, the Cammer and Krogman  
 16 factors are not really suited to do that  
 17 type of an analysis.  
 18 On one hand, you can say you  
 19 have the same number of analysts covering  
 20 the stock, for instance. You can look at  
 21 things such as institutional investor.  
 22 It's going to be the same. So some of  
 23 these factors are exactly the same. But  
 24 it's not particularly designed to  
 25 determine whether or not the stock prices

Page 130

1 trading day, May 3rd, 2017?  
 2 A. I don't know.  
 3 Q. Do you know if it was more or  
 4 less?  
 5 A. You mean aftermarket trading  
 6 volume?  
 7 Q. Yes.  
 8 A. I have not analyzed anything  
 9 other than the data that was provided to  
 10 me by the defendants' expert, which was  
 11 the aftermarket trading on May 2nd of  
 12 2017. It was something that he brought  
 13 up. And when I looked at it, it was  
 14 clear that exactly at the time of the  
 15 earnings announcement, there was, the  
 16 stock price of Anadarko started to move  
 17 down.  
 18 Q. And did you look to see if  
 19 there were marketmakers acting in the  
 20 aftermarket that day, May 2nd, 2017?  
 21 A. I only responded to the data  
 22 that was provided to me by your expert.  
 23 Q. And did you look to see if  
 24 there were arbitragers operating in the  
 25 aftermarket on May 2nd, 2017?

Page 132

1 react quickly to new information.  
 2 What I observed is that, in the  
 3 case of Anadarko, it did react, there was  
 4 a quick reaction to that, the information  
 5 that was released, the earnings  
 6 announcement that was released. And I  
 7 mention that in my report. So there is  
 8 evidence that investors reacted quickly  
 9 to that information.  
 10 But in terms of actually  
 11 quantifying price impact, I used the  
 12 close to close, the standard way of  
 13 looking at it. And that's what I used in  
 14 order to quantify the inflation. So I am  
 15 not quite sure in terms of what type of  
 16 analysis would be required in a reliance  
 17 context to analyze aftermarket trading.  
 18 Q. Let's focus in on the  
 19 aftermarket trading in Anadarko stock  
 20 that took place on, I believe, May 2nd,  
 21 2017. Are you with me?  
 22 A. Yes.  
 23 Q. What was the volume, what was  
 24 the trading volume in the aftermarket  
 25 that day as compared to the subsequent

Page 131

1 A. I have not looked at anything  
 2 other than observing that exactly at the  
 3 time of the earnings announcement in a  
 4 couple of minutes there, there were half  
 5 a million shares that traded and the  
 6 stock was down.  
 7 Q. Did you look to see if there  
 8 were any analyst reports that were issued  
 9 that evening after the market closed on  
 10 May 2nd, 2017, with respect to Anadarko?  
 11 A. I have mentioned analyst  
 12 reports issued discussing the earnings  
 13 release on May 2nd in my report. So yes,  
 14 we know that there were analysts that  
 15 were following the company and provided  
 16 commentary on March 2nd, 2017.  
 17 Q. Could you turn in your most  
 18 recent report, Exhibit 503, to paragraph  
 19 92, please? Do you have that?  
 20 A. Yes.  
 21 Q. In paragraph 92 you refer to a  
 22 "Wells Fargo equity research report"; do  
 23 you see that?  
 24 A. Yes.  
 25 Q. And is that the report you were

Page 133

34 (Pages 130 - 133)

1 just referring to in your testimony?

2 A. No. I was referring to the RBC  
3 capital markets analyst report from May  
4 2nd, 2017 that I discuss in paragraph 73.

5 I was referencing the BMO  
6 capital markets May 2nd, 2017 report that  
7 I discuss in paragraph 74.

8 I was referencing the Bank of  
9 America analyst report, dated May 2nd,  
10 2017 that I discuss in paragraph 75.

11 I was referencing the Cohen  
12 analyst report dated May 2nd, 2017 that I  
13 discuss in paragraph 76.

14 I was referencing the Credit  
15 Suisse analyst report on May 2nd, 2017  
16 that I discuss in paragraph 77.

17 I was referencing the Raymond  
18 James analyst report dated May 2nd, 2017,  
19 that I discuss in paragraph 78.

20 And I was referencing the J.P.  
21 Morgan analyst report dated May 2nd,  
22 2017, that I discuss in paragraph 79.

23 These were analyst reports  
24 issued following the earnings release,  
25 Anadarko earnings release, and discussed

Page 134

1 So there are two bullets, one  
2 saying "Uncertainty and overhang on APC";  
3 do you see that? And then the second  
4 bullet "And regulatory concern could  
5 pressure all DJ players."

6 Do you see that?

7 A. Yes.

8 Q. What is DJ?

9 A. DJ is the DJ basin. That's the  
10 area in, around Denver, Colorado where  
11 Anadarko had a lot of oil wells.

12 Q. And so you attribute part of a  
13 decline in Anadarko stock on May 3rd,  
14 2017 to regulatory concerns, right?

15 A. Yes. There is evidence that  
16 investors were concerned about increased  
17 regulation.

18 Q. Okay. Did you separately  
19 analyze whether there was any overhang  
20 specific to Anadarko that went beyond the  
21 regulatory concerns applicable to all DJ  
22 players?

23 A. I looked at that. I think my  
24 view, which is also, I think the  
25 consensus view of the analyst reports

Page 136

1 Anadarko's earnings on May 2nd of 2017.

2 Q. Okay. But you weren't  
3 referring to the report at paragraph --  
4 the Wells Fargo report that you cite at  
5 paragraph 92?

6 A. No, I had those in mind. That  
7 is another example of such report. But  
8 we were discussing the earnings. This  
9 one here is discussing the Firestone  
10 explosion.

11 So, you know, it depends on  
12 what you want to discuss. You want to  
13 discuss the Firestone explosion, I think  
14 that this is the key analyst report which  
15 is why I included it in this particular  
16 section.

17 Q. When you're referring to this  
18 particular section, you're referring to  
19 the section contained in paragraph 92?

20 A. Correct, the section relating  
21 to the Firestone explosion. Yes.

22 Q. Okay. So let's, let's stay on  
23 Firestone for a moment, if we may. If  
24 you're on paragraph 92, maybe I can just  
25 ask you a few questions about it now.

Page 135

1 that I reviewed, is, number 1, that would  
2 have a minor impact on Anadarko.

3 And number 2, you know, this  
4 would relate to an issue that was  
5 disclosed earlier on April 27th.

6 So it's unclear to me what the  
7 new information would be that would  
8 provide increased liability, let alone  
9 any material increased liability, on the  
10 part of Anadarko. So that's the way that  
11 I interpreted it. And I think that that  
12 is consistent with the way that other  
13 analysts viewed it.

14 Q. So there had been an explosion  
15 in Colorado, right?

16 A. Correct.

17 Q. A house exploded and the people  
18 in the house died?

19 A. Correct. Two individuals died,  
20 yes.

21 Q. And it was determined that the  
22 gas that was in the house came from an  
23 Anadarko well, right?

24 MS. JENSEN: Objection,  
25 characterization.

Page 137

35 (Pages 134 - 137)

1 A. The connection to the Anadarko  
 2 well was made in April 27th. The well  
 3 was 200 feet, I believe, from the home.  
 4 But there was no finding of wrongdoing,  
 5 in April, with respect to Anadarko nor on  
 6 May 3rd, with respect to Anadarko.

7 Q. So isn't it the case that on  
 8 May 2nd, there was a press conference  
 9 given by the Frederick Firestone Fire  
 10 Department?

11 A. Yes, absolutely.

12 Q. And from your perspective, was  
 13 there any new information provided in  
 14 that press conference?

15 A. In the press conference itself?  
 16 I mean, certainly there were -- it was an  
 17 update with respect to information that  
 18 had been revealed on April 27th. So  
 19 certainly there was an update. There is  
 20 certainly new information. I am not  
 21 entirely sure what material new  
 22 information was disclosed at that point  
 23 in time that could have a material impact  
 24 on Anadarko, specifically.

25 However, there is no question,

Page 138

Page 140

1 Q. And APC is Anadarko, right?  
 2 A. Correct.  
 3 Q. And Anadarko is the only  
 4 company that's referred to in that  
 5 paragraph?

6 A. Correct. And that is an  
 7 uncertainty that started on April 27th.

8 Q. And you referred to the  
 9 preliminary findings of the Firestone  
 10 Fire Department; do you see that?

11 A. Correct.

12 Q. And when were those preliminary  
 13 findings released?

14 A. I don't know if it's referring,  
 15 specifically, it refers to the update  
 16 that the fire department made after the  
 17 market closed on May 2nd.

18 But that wasn't the first time,  
 19 you know, that Anadarko well was linked  
 20 to the Firestone explosion. In fact, on  
 21 April 27th, that's when Anadarko  
 22 disclosed that it would shut-in 3000  
 23 wells. That is a company-specific event  
 24 that was specific to Anadarko. But I  
 25 don't see anything new here that would be

Page 139

Page 141

1 in my mind, that regulatory concern  
 2 increased as Governor Hickenlooper was  
 3 responding to this particular press  
 4 coverage. So regulatory concerns were  
 5 certainly increased.

6 But you're talking about some  
 7 company specific. I don't know  
 8 specifically what that information would  
 9 be. And I don't really see that as being  
 10 material. Clearly two lives were lost.  
 11 If there is liability, you know,  
 12 certainly there will be some compensation  
 13 there. Certainly there was a house that  
 14 was destroyed. The neighborhood was no  
 15 longer in any danger. So I am not quite  
 16 sure what you mean when you say -- when  
 17 you talk about company specific factor,  
 18 other than the increased regulatory  
 19 concern.

20 Q. Okay. In your paragraph 92 in  
 21 this quote from Wells Fargo, there is a  
 22 bullet which says "Uncertainty and  
 23 overhang on APC."

24 Do you see that?

25 A. Correct.

1 materially different than what was  
 2 disclosed on April 27th.  
 3 Q. And the Firestone Fire  
 4 Department press conference, do you know  
 5 when that started?

6 A. It started -- I have it in my  
 7 -- I think it was a couple of minutes  
 8 after 4 o'clock Eastern Time.

9 Q. So a couple of minutes after  
 10 the close of the New York Stock Exchange?

11 A. Correct.

12 Q. And do you know when Anadarko  
 13 released its results?

14 A. Yes, I think it was 4:16. And  
 15 that's exactly when the Anadarko stock  
 16 price started to decline.

17 Q. You have referred me to some  
 18 other paragraph in your report. Notably  
 19 paragraph 73 through 79. You just did  
 20 that a few minutes ago. Do you remember?  
 21 Do you remember that?

22 A. Yes.

23 Q. Okay. So in paragraph 79 there  
 24 is a reference to a "J.P. Morgan analyst  
 25 report."

36 (Pages 138 - 141)

<p style="text-align: right;">Page 142</p> <p>1        Do you see that?</p> <p>2    A. I have to go to paragraph 79,</p> <p>3 yes.</p> <p>4    Q. And do you see that it says in</p> <p>5 the middle of that: "In the JPM view, we</p> <p>6 expect a mixed reaction to the print</p> <p>7 given the weaker Q2 '17 guide."</p> <p>8        Do you see that?</p> <p>9    A. Yes.</p> <p>10   Q. What's the print?</p> <p>11   A. Well, you can ask the analyst,</p> <p>12 but I assume it has to do with the press</p> <p>13 release.</p> <p>14   Q. Okay. And when it says "weaker</p> <p>15 Q2 '17 guide," do you know what that is</p> <p>16 referring to?</p> <p>17   A. Yes, the company provided a</p> <p>18 second quarter 2017 guidance and a full</p> <p>19 year 2017 guidance.</p> <p>20       The full year guidance was,</p> <p>21 essentially, maintained. The second</p> <p>22 quarter guidance was a little bit weaker</p> <p>23 than some, some analysts had expected --</p> <p>24 which the company explained by, well, it</p> <p>25 was anticipated making its costs, and</p>	<p style="text-align: right;">Page 144</p> <p>1 differently. So they asked the question</p> <p>2 to the company, should we be concerned</p> <p>3 with respect to the second quarter</p> <p>4 guidance.</p> <p>5       And the answer from the company</p> <p>6 was that, no, this was an anticipated</p> <p>7 maintenance that we were doing. And the</p> <p>8 full year guidance was as before.</p> <p>9    Q. And then this J.P. Morgan</p> <p>10 analyst continues, "And lingering</p> <p>11 uncertainty associated with the home</p> <p>12 explosion incident in the DJ Basin."</p> <p>13       Do you see that?</p> <p>14    A. Yes.</p> <p>15    Q. And I take it that that's a</p> <p>16 reference to the Firestone explosion?</p> <p>17    A. Correct, yes.</p> <p>18       MR. SLIFKIN: Let me just go off</p> <p>19 the record for a couple of minutes,</p> <p>20 but I may be done.</p> <p>21       THE VIDEOGRAPHER: The time is</p> <p>22 1:47, we are going off the record.</p> <p>23       [Off the record.]</p> <p>24       THE VIDEOGRAPHER: Time is 1:50</p> <p>25 p.m., and we are back on the record.</p>
<p style="text-align: right;">Page 143</p> <p>1 they decided to take it in the second</p> <p>2 quarter, so it wouldn't have, you know, a</p> <p>3 long-term impact. In other words, the</p> <p>4 guidance for the full year was the same.</p> <p>5    Q. But the guidance for the second</p> <p>6 quarter was weaker; is that right?</p> <p>7    A. It was weaker because of the</p> <p>8 company deciding to take, do some</p> <p>9 maintenance in the second quarter. So it</p> <p>10 was weaker. But, obviously, it had to be</p> <p>11 better. It would be made up in the third</p> <p>12 and the fourth quarter, because the</p> <p>13 guidance for the full year was</p> <p>14 maintained.</p> <p>15   Q. Okay. And here J.P. Morgan</p> <p>16 talks of "Given the weaker Q2 '17 guide,</p> <p>17 owing to GOM shut-ins for well times and</p> <p>18 maintenance."</p> <p>19       And that's what you were just</p> <p>20 referring to when you mentioned</p> <p>21 maintenance, I take it?</p> <p>22    A. No. The maintenance was</p> <p>23 discussed the following day on the</p> <p>24 conference call. And analysts -- because</p> <p>25 different analysts interpret things</p>	<p style="text-align: right;">Page 145</p> <p>1        MR. SLIFKIN: I have no further</p> <p>2 questions at this time. Thank you,</p> <p>3 Mr. Steinholt. Thank you.</p> <p>4       MS. JENSEN: Okay. Thank you</p> <p>5 everyone.</p> <p>6       THE VIDEOGRAPHER: This</p> <p>7 concludes today's deposition of Bjorn</p> <p>8 Steinholt. The number of media units</p> <p>9 used is three. They will be retained</p> <p>10 by Veritext Legal Solutions. We are</p> <p>11 off the record at 1:51 p.m. Pacific</p> <p>12 Time.</p> <p>13       Thank you very much. Everybody,</p> <p>14 have a great holiday.</p> <p>15       (Whereupon, at 1:51 P.M. PST,</p> <p>16 the deposition was concluded.)</p> <p>17</p> <p>18</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>

	Page 146		Page 148
1	ANADARKO PETROLEUM CORPORATE SECURITIES	1	CERTIFICATION
2	LITIGATION	2	
3	12/21/2022 - BJORN STEINHOLT	3	I, DAWN MATERA, a Notary Public for
4	ACKNOWLEDGEMENT OF DEONENT	4	and within the State of New York, do
5	I, BJORN STEINHOLT, do hereby declare	5	hereby certify:
6	that I have read the foregoing transcript,	6	That the witness whose testimony as
7	I have made any corrections, additions, or	7	herein set forth, was duly sworn by me;
8	changes I deemed necessary as noted on the	8	and that the within transcript is a true
9	Errata to be appended hereto, and that the	9	record of the testimony given by said
10	same is a true, correct and complete	10	witness.
11	transcript of the testimony given by me.	11	I further certify that I am not
12		12	related to any of the parties to this
13	BJORN STEINHOLT Date	13	action by blood or marriage, and that I
14	*If notary is required	14	am in no way interested in the outcome of
15		15	this matter.
16	SUBSCRIBED AND SWORN TO BEFORE ME THIS	16	IN WITNESS WHEREOF, I have hereunto
17	DAY OF _____, 20 _____. 18	17	set my hand this 22nd day of December,
19		18	2022.
20		19	
21	NOTARY PUBLIC	20	<i>DAWN MATERA</i>
22		21	
23		22	DAWN MATERA
24		23	
25		24	
		25	
	Page 147		Page 149
1	----- INDEX -----	1	ANADARKO PETROLEUM CORPORATE SECURITIES
2	WITNESS EXAMINATION BY	PAGE	LITIGATION
3	BJORN STEINHOLT Ms. Jensen	4	2 12/21/2022 - BJORN STEINHOLT
4			3 ERRATA SHEET
5	----- EXHIBITS -----		4 PAGE ____ LINE ____ CHANGE _____
6	NUMBERS FOR I.D.		5 _____
7	Exh 503, document consisting of the 5		6 REASON _____
8	November 9th, 2022 expert report		7 PAGE ____ LINE ____ CHANGE _____
9	by Bjorn Steinholt		8 _____
10	Exh 10, document consisting of 7		9 REASON _____
11	Steinholt class cert report		10 PAGE ____ LINE ____ CHANGE _____
12	previously marked		11 _____
13	Exh 504, rebuttal report dated 7		12 REASON _____
14	February 2, 2022		13 PAGE ____ LINE ____ CHANGE _____
15			14 _____
16			15 REASON _____
17			16 PAGE ____ LINE ____ CHANGE _____
18	(Exhibit Share)		17 _____
19			18 REASON _____
20			19 PAGE ____ LINE ____ CHANGE _____
21			20 _____
22			21 REASON _____
23			22 _____
24			23 _____
25			24 BJORN STEINHOLT Date

38 (Pages 146 - 149)

Federal Rules of Civil Procedure

Rule 30

(e) Review By the Witness; Changes.

(1) Review; Statement of Changes. On request by the deponent or a party before the deposition is completed, the deponent must be allowed 30 days after being notified by the officer that the transcript or recording is available in which:

(A) to review the transcript or recording; and

(B) if there are changes in form or substance, to sign a statement listing the changes and the reasons for making them.

(2) Changes Indicated in the Officer's Certificate. The officer must note in the certificate prescribed by Rule 30(f)(1) whether a review was requested and, if so, must attach any changes the deponent makes during the 30-day period.

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THE ABOVE RULES ARE CURRENT AS OF APRIL 1, 2019. PLEASE REFER TO THE APPLICABLE FEDERAL RULES OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.

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